
United States Court of Appeals

For the Ninth Circuit

PENNALUNA & COMPANY, INC.
BENJAMIN A. HARRISON, and
HARRY F. MAGNUSON, *Petitioners.*

v.

SECURITIES EXCHANGE COMMISSION,
Respondent.

**PETITION FOR REVIEW OF
ORDER OF SECURITIES EXCHANGE COMMISSION**

**APPENDIX TO
BRIEF OF PETITIONERS
PENNALUNA & COMPANY, INC.
BENJAMIN A. HARRISON, and
HARRY F. MAGNUSON**

PAINE, LOWE, COFFIN, HERMAN & O'KELLY
602 Spokane and Eastern Building
Spokane, Washington 99201

SAXON, MAGUIRE & TUCKER
2000 L Street N.W.
Washington, D.C. 20036

FILED

Attorneys for Petitioners

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Attorneys for Petitioners

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APPENDIX

The exhibits set forth in the Appendix are taken from the Record in this matter and are set forth in this form for the convenience of this Court. The citation to the Record is found in the upper right hand corner of the page.

This schedule sets forth the purchasers of 600,555 shares of Silver Buckle stock sold by Oil, Inc. during May 1962. The schedule is taken from information contained on pages 178-180 of the Record:

Sales Arranged by Magnuson

<u>Purchaser</u>	<u>Certificate in N/O</u>	<u>Shares</u>
Elaine E. Drews Wallace, Idaho	(Purchaser)	3,000
Henry B. Deaton Wallace, Idaho	(Purchaser)	5,000
Arthur Rieske Wallace, Idaho	(Purchaser)	3,000
Joanne M. Lepo Wallace, Idaho	(Purchaser)	2,000
Ramona Boger Wallace, Idaho	(Purchaser)	5,000
Mary Magnuson Wallace, Idaho	Pennaluna	20,000
McGee Building, Inc. Wallace, Idaho	Pennaluna	10,000
Wray Featherstone Wallace, Idaho	Pennaluna	20,000
Donald Hess Wallace, Idaho	Pennaluna	10,000
Golconda Wallace, Idaho	Pennaluna	70,000
Leo Kraemer Wallace, Idaho	Pennaluna	5,000
Gus Voltolini Wallace, Idaho	Pennaluna	15,000

(Schedule Continued)

Sales Arranged by Scott

<u>Purchaser</u>	<u>Certificate in N/O</u>	<u>Shares</u>
William T. Butt Dayton, Ohio	(Purchaser)	25,000
Lucy B. Grimes Dayton, Ohio	(Purchaser)	25,000
Richard D. Sanders Pittsburg, Calif.	(Purchaser)	39,000
Harold A. Peebles Spokane, Washington	(Purchaser)	15,000
Leona Miles Superior, Montana	(Purchaser)	4,500
Charles Raccaro Wallace, Idaho	Pennaluna	7,500
Peter M. Dinehart Spokane, Washington	Pennaluna	5,000
Jack E. Scott Wallace, Idaho	Pennaluna	25,000
Piatt Hull Wallace, Idaho	Pennaluna	10,000
Dr F. E. Scott Wallace, Idaho		14,000
Harry F. Magnuson and Custodial Accounts Wallace, Idaho		172,000
Pennaluna & Company, Inc. Spokane, Washington		90,555
		<hr/> 600,555

This schedule sets forth the purchasers of 1,167,111 shares of Silver Buckle stock sold by New Park and East Utah pursuant to contracts executed September 29, 1962. The schedule is taken from information contained on pages 199 through 201 and pages 2591 through 2606:

Purchaser	Shares
Silver Buckle Mining Co., Wallace, Idaho	367,111
Pennaluna & Company, Inc., Spokane, Washington	200,000
Harry F. Magnuson, Wallace, Idaho	365,000
Mary Magnuson, Wallace, Idaho	5,000
Alden Hull, Wallace, Idaho	10,000
Jack E. Scott, Wallace, Idaho	11,000
Robert E. Murray, Wallace, Idaho	2,000
Janet Miles, Superior, Montana	5,000
Pat Miles, Superior, Montana	1,000
Harry Stewart, Mullan, Idaho	1,100
Sanford Guttu, Seattle, Washington	1,000
Robert Brown, Spokane, Washington	57,000
Victor Fall, Helena Montana	40,000
Ray T. Miles, Superior, Montana	1,000
Leona Miles, Superior, Montana	1,000
Pia Raccaro, Wallace, Idaho	5,000
Charles Raccaro, Wallace, Idaho	1,000
Margaret E. Scott, Helena, Montana	1,000
Quinton Sampont, Silverton, Idaho	2,000
Howard Hollingsworth, Spokane, Wash.	25,000
Ethel Batzel, Spokane, Washington	25,000
Helen Irelan, Helena, Montana	5,000
Harry Voltolini, Wallace, Idaho	10,000
Jack Gay & F. E. Scott, Wallace, Idaho	25,900
	<hr/>
	1,167,111

H. J. HULL & SONS
ATTORNEYS AT LAW
WALLACE, IDAHO

October 9, 1962

Mr. H. F. Magnuson
Scott Building
Wallace, Idaho

Dear Mr. Magnuson:

On September 29, 1962, you purchased 300,000 shares of the capital stock of Silver Buckle Mining Company from New Park Mining Company and East Utah Mining Company.

You have asked our opinion whether there are provisions in the Securities Act of 1933 or the Securities & Exchange Act of 1934 which place limitations upon your right to trade in these shares.

We understand the facts in regard to these shares to be as follows:

New Park and East Utah acquired these shares in 1954 as part of the program to finance the sinking of the Vindicator shaft and held them until the sale of September 29, 1962.

Neither New Park nor East Utah were in control of or controlled by Silver Buckle. On the contrary these companies have assumed a position actively hostile to the management of Silver Buckle. In this regard please refer to the attached letter dated August 24, 1962, from John F. Lee of the firm of Fabian & Ciendenin.

Silver Buckle presently has 9,400,000 shares issued and outstanding.

We understand that in addition to the 300,000 shares, you own 125,000 and your children own 40,000 additional shares and Pennaluna & Company, of which you are a partner, owns 200,000 additional shares. This is a total of 655,000 shares which you own or have an interest in.

You are not an officer or director of Silver Buckle, nor do you own directly or indirectly 10% of its outstanding shares.

It is our opinion that under the circumstances outlined above you are not a

Mr. H. F. Magnuson
October 5, 1962
Page 2

person in direct or indirect control of Silver Buckle, and there are no restrictions upon your right to trade in the 200,000 shares referred to above.

Very truly yours,

H. J. Hull & Sons

By *[Handwritten Signature]*

PH:sa

LAW OFFICES
FABIAN S. CLENDENIN
 CONTINENTAL BANK BUILDING

W. H. H. H. H. H. H.
 L. L. L. L. L. L. L.
 A. A. A. A. A. A. A.
 C. C. C. C. C. C. C.
 E. E. E. E. E. E. E.
 G. G. G. G. G. G. G.
 I. I. I. I. I. I. I.
 K. K. K. K. K. K. K.
 M. M. M. M. M. M. M.
 O. O. O. O. O. O. O.
 Q. Q. Q. Q. Q. Q. Q.
 S. S. S. S. S. S. S.
 U. U. U. U. U. U. U.
 W. W. W. W. W. W. W.
 Y. Y. Y. Y. Y. Y. Y.

BALT LAKE CITY 1, UTAH

August 24, 1962

Alden Hull, Esq.
 J. H. Hull and Sons
 Attorneys at Law
 P. O. Box 709
 Wallace, Idaho

Re: Transfer of Silver Buckle Mining Company Stock

Dear Mr. Hull:

This letter will confirm our telephone conversation of this day.

As you and I both know, the Silver Buckle stock forwarded to you for transfer by Cromer Brokerage Company registered in the name of New Park Mining Company does not come from control sources. In fact, New Park Mining Company exercises no control over the affairs of Silver Buckle Mining Company, it has been unable to gain access to the books and records thereof even though it is a stockholder and the law permits it that right. The strained relationship which exists between Silver Buckle's management and New Park demonstrates the antithesis of a control relationship. That fact is further demonstrated by the recent circumstances that have forced New Park Mining Company to file a legal action against Silver Buckle in order to obtain certain information from the company records which otherwise would be freely available to a controlling person. The securities in question were by your own admission issued almost ten years ago. They were taken for investment and that investment representation has been amply demonstrated. I would think it would be clear at this point that the exemption from the registration requirements of the Securities Act of 1933 as provided by the first clause of Section 4(1) thereof is available for this transaction.


Alden Hill, Esq.

Page Two

August 24, 1962

We trust you will proceed to transfer those securities forwarded to you promptly and that you will cause New Park and Mr. Crower no further delay in doing so.

Very truly yours,


John F. Lee

JFL:md

cc: Mr. Jack Scott
David H. Clegg, Esq.
Mr. L. L. Crower

The following paragraphs refer to the stipulation that it was Magnuson's policy not to give any non-public information to Harrison or Pennaluna and have been collected in this Appendix for the convenience of this Court:

During the time covered by these Findings, it was Magnuson's policy not to give any information to Harrison or Pennaluna which concerned Silver Buckle or any of the companies, including West Coast Engineering, with which Magnuson, but not Harrison, was associated as an officer or director, unless such information was available through public sources. (P. 151)

In connection with this prediction, the TWX conversation on October 4, 1962 Harrison had received no non-public information about West Coast or Silver Buckle from any person, including Magnuson, and it was made without the benefit of any current financial information concerning these companies. It was Magnuson's policy not to give any information to Harrison or Pennaluna which concerned other companies with which he was associated as an officer or accountant, unless such information was readily available through public sources. (R. 215)

BY MR. YOUNG:

1244

Q Were you Harrison's source of information on Silver Buckle?

A Absolutely not.

Q You didn't tell your own partner?

A I have a complete separate entity with respect to Pennaluna, I don't pass on information on anything that I receive. I am a certified public accountant and an officer of several companies, and I don't tell Mr. Harrison anything about those companies. He has gotten mad and we have thrashed this out a couple of times, time and time again, but I always maintain a policy of not trading information back

and forth.

1245

Q I take it then that you didn't explain anything to Mr. Harrison about West Coast and their archery at the time you committed Pennington for 200,000 shares?

A All I told him was the information that I could get walking along the street. I didn't know anything about it myself, I didn't even know what archery consisted of.

Q Let me ask you this; between the time you both obtained some Oil Inc. stock, or some stock from Oil, Inc., and the time you purchased this stock from East Side and the other firms, had you made any considered investigation of the mining properties of Silver Buckle; you recall you told us you had a pretty good idea because it was up there on the hill and you could see it. Have you made any further investigation?

A I made no further investigation of the mining properties; I kept myself fully attuned to the development in the area, and thereafter on the HECLA and Lucky Friday area, about that time, we started a project going into two properties that adjoin the Vindicator. We started a project that could have been about that time. Certainly there was a very definite development in the lead and silver prices starting up in the fall of '61 up to the fall of '62. The silver circuit prices generally were developing from about -- all through '61. Lead and zinc prices were also in

'62 and started upward, and that trend has continued up until the present time. We now have the highest Silver prices in some thirty or forty years. It has equaled the monetary price of our silver and our currency and as a consequence, we all know the silver dollar, that there is a definite shortage, and a subsiding of coins and as a result the silver shortage and one of these days we are not going to have any more coins. I would predict in the next six to nine months we are going to see an abrupt rise in price beyond the present price. This will affect the silver business. Now, at the same time, the lead prices have been continuing up, and they have gone ^{from} five and a half cents up to thirteen cents, and zinc prices have gone from nine and a quarter cents up to thirteen and a half cents and this is directly affecting the economy of all the Coeur d'Alene Mining District, and the whole Inland Empire.

Q Yes. Now, you told us in May, just when you purchased \$10,000 or \$15,000 worth of stock at a dime a share you were doing it off the top of your head, and you kept the general price posture of the silver business in your mind and that you were doing this as a speculation?

A Right.

Q You made no deep research into this at all?

A Right.

Q A few months later you were willing to invest

\$100,000 of contingent liabilities, \$60,000 worth at 20 cents a share. Are you telling us that your increased optimism for the fortunes of this company was based solely on the silver and mining basis with no regard for the possible developments in archery?

A It was based largely on the silver and mining possibilities of the company, but it was with the understanding and knowledge that this archery aspect or project of the company apparently was coming along satisfactorily and that the company provided a possible new business. I felt, in other words, under the present circumstances with regard to my investment in Silver Buckle, because basically they had the mining properties the stock was worth ten cents and twenty cents, and you had a certainty of that. It wasn't going much lower, and conceivably it was the archery thing developing -- with the archery thing developing it would go higher, it could go as high -- but I don't know too much about archery. I just didn't check into it right away at that time.

Q In other words, are you telling us now that your feeling was that the development between May and September in the financing in the silver fields was so much higher that it warranted your investing five times as much at twice the price, in effect?

A At that price, and the fact that the archery opening

was in May -- I knew nothing about it in September. There was an opening up of a new installation in Denver.

Q So this was a factor in your thinking at the time you purchased it?

A It was not the total factor, the major factor was the mining properties.

BY MR. RAE:

Q And yet in September the financial statements of West Coast showed them to be losing money, isn't that correct?

A I never saw a September financial statement.

Q Where did you get the impression in September that the archery business seemed to be going favorably -- who told you that?

A You pick it up here and there with someone, there was an announcement in the paper, or press stories or Dr. Scott had mentioned it. I know he was optimistic in the discussion about it, and I just felt that there was something going and I had never seen an archery lane or anything like that, but it looked like it was going to go anyway.

WEST COAST ENGINEERING, INC.

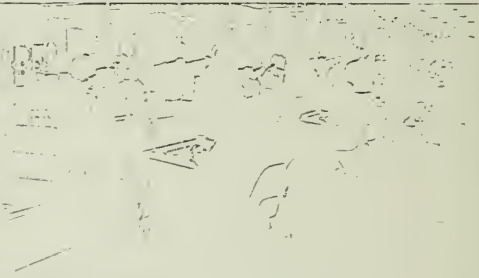
818 S. DAKOTA STREET / SEATTLE 8, WASHINGTON / MU 2-3550

EX 106A

NEWEST OPPORTUNITY FOR PROFIT



Automated Indoor Archery



AMERICA'S FASTEST GROWING
FAMILY-FUN SPORT

Countless man hours of research and development have refined the precision engineered Archermatic target return. The overhead mechanism is practically noiseless and requires only minimal maintenance. The Archermatic is controlled by the shooter at an attractively designed, electronic console and score board on the shooting line.

The shooter selects one of six distances ranging from 20 feet to 30 yards. A button is pressed and the target moves out to the desired distance. Another button is pressed and the target returns to the shooting line for easy retrieve of arrows and scoring.

Archermatic TARGET RETURN

CREATED MASS APPEAL FOR AGE OLD SPORT

Archery is one of the oldest known competitive sports in the world. Today, with space age ingenuity applied to both equipment and accessories, the sport is rapidly becoming one of the nation's most popular participant sports.

Almost 8,000,000 people in the United States own bows and arrows and use them regularly. There are over 4,000 active and accredited archery clubs in 50 chartered state organizations. Special bow-hunting seasons exist in all but two of the fifty states. Over 1,000,000 bow hunters take to the field in search of big game annually.

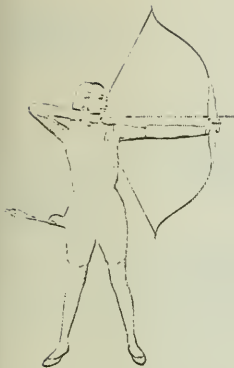
A sport of prestige since before the Crusades, archery is now an activity approved by the N.C.A.A. It is a course required by physical education instructors in nearly all of the high schools and in many of the nation's leading co-educational universities. Archery is expected to become an event of Olympic competition following the Olympic Games to be held in Japan.

And now, Archermatic target returns and related accessories and equipment provide a healthy assist to a booming sport the entire family enjoys.

With national emphasis now centered on physical fitness plus more recreational hours and money available from the consuming public, archery is growing like no other recreational activity in the country. The entire family has fun, stays fit, regardless of hour or season, with this automated, indoor archery.

* Price Pending





The WCE Plan

KEY TO PROFITABLE INVESTMENT— HIGH RATIO OF RETURN

RECREATION—A HIGH PROFIT BUSINESS

—Archery, like bowling, is an extremely high profit business. Like bowling, also, automated, indoor archery requires a substantial initial investment, not only in WCE Archermatic® equipment, but in building and ground. However, an Archermatic® installation, properly located in first class facilities, provides an astonishing rate of return.

SPACE REQUIREMENTS—Rule of thumb is 1,000 square feet of building for each lane of archery. This takes into consideration space required for the pro shop, snack bar, playroom for children, restrooms, storage and office space. Depending on local ordinances, parking provision should be made for four to six cars per lane.

SUPPLIES AND EQUIPMENT—All equipment, pro shop inventory and many fixtures based on a study of needs and experience of existing installations, from furniture down to the time clock in the control counter are supplied by WCE.

HOW TO BUY ARCHERMATIC®—Several plans are available for the purchase or lease of Archermatic® automated, indoor archery equipment and related equipment and accessories. Phone, wire or write. A WCE field engineer will make an appointment to explain the plans in detail. Consult Dun & Bradstreet, your attorney or local bank or financial institution for complete information regarding West Coast Engineering, Inc.

Phone write or wire

WEST COAST ENGINEERING, INC.

818 SOUTH DAKOTA STREET • SEATTLE 9, WASH. • MU 2-3550



**WEST COAST
ENGINEERING**

INTRODUCTION

During the past two years, a brand new era in the highly profitable field of indoor recreation was created by West Coast Engineering, Inc., Seattle, Washington with the introduction of automated, indoor archery.

818 S. DAKOTA ST.
SEATTLE 8, WASH.
MUTUAL 2-3550

WCE pioneered the field with its space age contribution to man's oldest competitive sport with the development of the Archermatic. The electronically controlled, automated target return revolutionized the sport when it was installed in modern and attractive indoor archery centers.

Prior to the installation of the first battery of Archermatics in Burien Archery Lanes, Burien, Washington, in September, 1961, WCE spent a year in research, development and testing of the unique target return.

At present, Archermatic, automated target returns with related equipment and accessories designed and manufactured by WCE, are operating successfully in a number of indoor archery establishments. Other indoor archery centers which will contain WCE Archermatics are in various stages of construction or planning.

With the successful creation of the Archermatic, WCE engineers have turned their talents to several other interesting developments in the field of indoor recreation. Operators will soon have several additional WCE recreational components to operate in conjunction with the Archermatic to form a complete and ideal indoor recreational complex.

WEST COAST
ENGINEERING

WHY INDOOR ARCHERY?

Indoor archery is now in the same stage that bowling was fifteen years ago. How profitable would bowling be today if the bowler had to bowl outside, in daylight hours only and in ideal weather conditions, then walk down after the ball, set up the knocked down pins, retrieve the ball and walk back to the foul line?

In the past, ardent devotees of archery have had to do this very thing: shoot outdoors (if the weather and season permitted), wait until all other archers finished shooting, walk down to the target (usually a bale of hay), score, retrieve their arrows (and help fellow archers look for lost arrows) and walk back to the shooting area again.

Precision engineered Archermatic equipment has changed all this. Today, archers in many cities can shoot any hour of the day or night, regardless of weather conditions, in pleasant, modern, indoorsurroundings, complete with a snack bar and supervised playroom for children, and an archery tackle shop to fill their needs while they are in an archery buying mood.

Indoor archery has grown to the extent that the American Indoor Archery Association, official regulating body composed of independent archers, now regulates games of indoor archery, sanctions indoor equipment and tournaments and performs a public service by educating and indoctrinating many novice and would-be archers.

818 S. DAKOTA ST.
SEATTLE 8, WASH.
MUTUAL 2-3550

RECREATION . . . NEW FRONTIER OF BUSINESS

**WEST COAST
ENGINEERING**

Americans spend between \$40,000,000,000 and \$45,000,000,000 annually in their search for recreation. Shorter work weeks and additional purchasing power now make the field of recreation one of the most attractive for any investor.

818 S. OAKOTA ST.
SEATTLE 8, WASH.
MUTUAL 2-3550

From 1952 to 1962, expenditures for participant amusements soared to a 116% increase while the gain in spectator sports was less than 60%.

Today, more than 32,000,000 families, or 69% of all families, have incomes of over \$4,000 annually. This is a gain of 20,000,000 families since 1950.

These statistics are reflected by the tremendous and profitable growth of archery.

With the establishment of indoor archery centers in specially built indoor archery centers, more and more Americans are finding fun and healthy recreation in man's oldest known competitive sport.

The sale of archery equipment in 1963 is predicted to hit almost \$33,000,000. In 1962, archery equipment sales amounted to \$29,300,000.

Since the American public is spending about 6% of its annual income or about \$112.50 per person on amusement and recreation, the potential of indoor archery defies the imagination of any economist.

SUPPLY AND EQUIPMENT PACKAGE

Quantities supplied are based on a study of needs from prior installations together with recommendations from professional archers.

SAFETY TRIM GROUP	COST PER LANE
1. Lane Deflector Shields	
2. Electronic Safety Control System	
3. Ceiling Deflector and Light Diffusing Panels	
Total	\$ 1,300.00

FURNITURE AND FIXTURES

1. Scoring Console
2. Bow and Arrow Rack
3. Scorer Chair
4. Player Seating
5. Spectator Seating
6. Cigarette Floor Urn

Total	\$ 400.00
-------	-----------

LANE RENTAL STOCK

- | | | |
|--------------------------------|-------|----------|
| 1. WCE Targ-A-Teer Bow | 8 | per lane |
| 2. WCE Fleetglass range arrows | 5 doz | per lane |
| 3. WCE Targ-A-Teer Quiver | 4 | per lane |
| 4. WCE Targ-A-Teer Armguard | 4 | per lane |
| 5. WCE Tabs | 4 | per lane |

Total	\$ 230.00
-------	-----------

LANE SUPPLY ITEMS

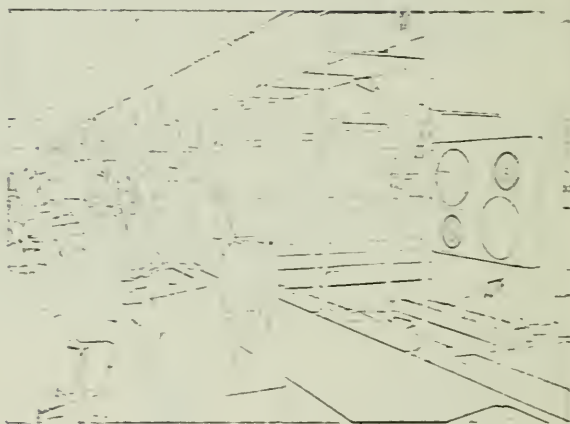
- | | | |
|-----------------------------|-----|-------|
| 1. Beginner Targets | 40" | 1,000 |
| 2. Frisco Targets | 25" | 2,500 |
| 3. Rainier Targets | 20" | 2,500 |
| 4. Denver Targets | 15" | 2,500 |
| 5. Burien Targets | | 1,000 |
| 6. Bownus Targets | | 250 |
| 7. Bingo Targets | | 250 |
| 8. Poker Targets | | 250 |
| 9. Score Pads | | 500 |
| 10. Lane Time Clock Tickets | | 1,000 |

Total	\$ <u>70.00</u>
-------	-----------------

GRAND TOTAL PER LANE	\$ <u><u>2,000.00</u></u>
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SAFETY TRIM GROUP

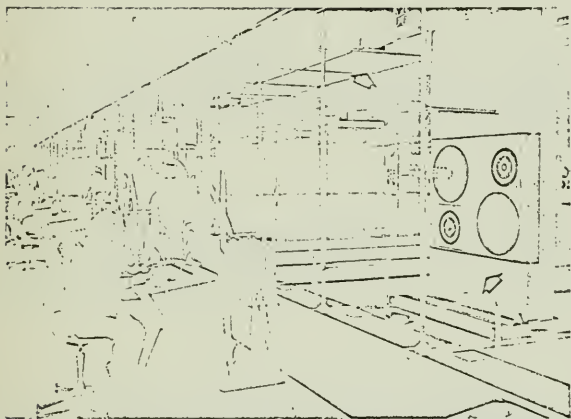
Absolutely essential for safe, efficient lane operation. Includes two Plexiglas Deflector Shields providing safe shooting for two archers side by side. Electronic Safety Control System warns operator when an archer steps over shooting line. Ceiling Deflector provides diffusion of fluorescent light while protecting lights from arrows.



WEST COAST ENGINEERING, INC. 818 SOUTH DAKOTA STREET - SEATTLE 8 WASH.

SAFETY TRIM GROUP

Absolutely essential for safe, efficient lane operation. Includes two Plexiglas Deflector Shields providing safe shooting for two archers side by side. Electronic Safety Control System warns operator when an archer steps over shooting line. Ceiling Deflector provides diffusement of flourescent light while protecting lights from arrows.



FURNITURE AND FIXTURES

SCORING CHAIR

Model 3205 Scoring Chair is a pedestal side chair constructed of "Lifetime" moulded Fiberglas. Rugged aluminum base has rich, satin-like brushed finish. Adjustable from 17" to 19". Self-lubricating nylon bearing, non-marring casters.



BOW AND ARROW RACK

Styled to match scoring console. Contains bow and arrow racking facilities for two adjacent lanes, five archers per lane. Bows with front-mounted sights or stabilizers readily accommodated. Does not affect bow tiller. Lower limb tip seats in metal lined recess; lower limb is in soft, rubber covered, tapered recess. One dozen arrows or WCE quiver can be placed in each of ten tubes in rack top. Design prevents tipping or over turning. 42 inches high by 26½ inches wide by 20½ inches deep.



SCORING CONSOLE

Provides scoring area and controls mounting for two adjacent lanes. 33 inches high by 37 inches wide by 22 inches deep. Available in a variety of attractive decorator colors and finishes. Highly finished top prevents burns, scratches. Includes score pod clamps, controls cutout, two removable stainless metal ash trays.



CIGARETTE URN

All metal construction matches decor provided by chairs, scoring console, bow racks. Large capacity, fireproof receptacle. Receptacle can be emptied into base. 9 inches in diameter. 19 inches high.



PLAYER AND SPECTATOR SEATING

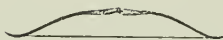
Decorator colored Fiberglas chairs are compound curved for relaxed seating. Clever inter-lock allows stable ganging and easy stacking. Resists acids, stains, points. Maintenance free, color permanent.



RENTAL EQUIPMENT

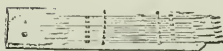
BOW

WCE Targ-A-Teer is the ideal rental bow. Rugged, full working recurve limbs provide full cast, yet are smooth and stable. Handle design fits every archer. Available in all weights, various colors.



ARROWS

WCE Arrows are most economical in initial cost. Permanently straight Micro-Flite Fiberglass shaft with colorful fletching. Crest is color coded for rapid spine and length identification by control counter.



FINGER TAB

WCE shooting tab is of two ply, highly finished cordovan. Chrome tanned face ply allows smoother release. Elastic finger loop. Comes in three sizes: Small, Medium and Large.



ARM GUARD

Provides complete and full arm protection for beginners. Foam rubber padded. Hinged for flexibility. Top grade, steel stayed leather covering. Four elastic binding straps. Two sizes: Large & Small.



QUIVER

Durable leather construction. Nineteen inches long. Fitted with belt clip. Holds all length arrows for either right or left handed archers. Attractive, expensive design. Defies wear and tear.

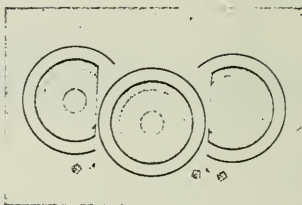


WEST COAST ENGINEERING, INC. 818 SOUTH DAKOTA STREET • SEATTLE 8, WASH.

LANE SUPPLY ITEMS

TARGETS

All targets are Official American Indoor Archery Association faces. Approved for tournament competition and sanctioned for all phases of indoor archery. Targets printed black with white aiming spot and scoring rings. 125 lb. test construction corrugated board.



SCORE SHEETS

Two different score sheets for scoring all Official American Indoor Archery Association tournaments and games. Are used also for other games of archery. Specify 4 or 6 arrow end game and range imprint.

 Two overlapping archery score sheets are shown. The sheets are filled with a grid of columns and rows. The columns include fields for player names, scores, and other game-related information. The sheets are slightly tilted and overlap each other, showing different sections of the form.

COST OF INVESTMENT
Lease Basis

	12 Lanes	16 Lanes	20 Lanes	24 Lanes
Installation Fee	\$ 700	\$ 700	\$ 700	\$ 700
Supply & equipment package (note 1)	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
Total cost per lane for WCE	2,700	2,700	2,700	2,700
Number of Lanes	<u>x 12</u>	<u>x 16</u>	<u>x 20</u>	<u>x 24</u>
Total cost of WCE equipment & installation fee	<u>32,400</u>	<u>43,200</u>	<u>54,000</u>	<u>64,800</u>
Estimated Additional Cash Requirements (note 2)				
Pro shop stock	5,000	6,000	7,000	8,000
Advertising & promotional funds @ \$500 per lane	6,000	8,000	10,000	12,000
Building lease deposit	5,500	7,500	9,000	12,000
Control counter; pro shop fixtures; cash registers; office furniture & fixtures	6,000	7,000	8,000	10,000
Operating capital	<u>8,000</u>	<u>10,000</u>	<u>12,000</u>	<u>15,000</u>
	<u>30,500</u>	<u>38,500</u>	<u>47,000</u>	<u>57,000</u>
TOTAL CASH REQUIRED ON LEASE BASIS	<u><u>\$ 62,900</u></u>	<u><u>\$ 81,700</u></u>	<u><u>\$101,000</u></u>	<u><u>\$121,800</u></u>
Additional Cash Required for Purchase:				
"Archerotics" @ \$7,500 each				
20% down payment required	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Number of Lanes	<u>x 12</u>	<u>x 16</u>	<u>x 20</u>	<u>x 24</u>
Total Down Payment	<u>\$ 18,000</u>	<u>\$ 24,000</u>	<u>\$ 30,000</u>	<u>\$ 36,000</u>
TOTAL CASH REQUIRED ON PURCHASE BASIS	<u><u>\$ 80,900</u></u>	<u><u>\$105,700</u></u>	<u><u>\$131,000</u></u>	<u><u>\$157,800</u></u>

Note 1: The actual cash required may be lowered in proportion to the net worth and/or personal guarantees of the operator. Financing available with sufficient net worth and/or guarantees.

Note 2: These may vary depending on decor or other capital facilities desired by individual operators.

WCE ARCHERY LANE

Income Projections --- Lease Basis

12 Lane Unit

Lanes in Operation	12
Hours of Operation	15
Lane hours per day	180
Participants per lane	4
Total customer hours per day	720
per month	30
Total customer hours per month (Optimum Capacity)	21,600

Operating levels (percent of optimum at \$1.25 per hour)

	15%	(Note 1) 20%	25%	30%	35%
Lane rental	\$ 4,050	5,400	6,750	8,100	9,450
Additional Income:					
Net profit on pro shop sales (40% profit on sale estimated at 30% of lane rents)	486	648	810	972	1,134
Equipment rental (12 1/2% of lane rents)	505	675	843	1,012	1,180
MONTHLY INCOME FROM OPERATION	5,041	6,723	8,403	10,084	11,764
Less Operating Expenses	6,365	6,365	6,365	6,365	6,365
NET PROFIT (OR LOSS) PER MONTH	(1,324)	358	2,038	3,719	5,399
ANNUAL PROFIT (OR LOSS) PER MONTH	(15,888)	4,296	24,456	44,628	64,788
		(Note 1)			
Percentage return on \$62,500 Investment		6.8%	38.9%	70.9%	103.0%

Note 1: This 20% of optimum operating time can be achieved merely by operating with two leagues per night from 7 to 11 P.M. for five nights a week and does not take into account the Women and Junior Leagues in the morning and afternoon and the open play on week days and week ends.

ARCHERY LANE
 Projected Operating Costs - Lease Basis
 12 Lane Installation

Building Rent (Approx.) 9¢ per square foot	\$	1,080.00
Equipment Rental (\$120 per lane minimum)		1,440.00
Salaries (includes \$600 for manager)		1,900.00
Sign Lease		150.00
Lane Supplies (targets, mats, etc.)		<u>300.00</u>
Total		\$ 4,870.00

Expenses:

Telephone and Telegraph	35.00
Advertising	500.00
Insurance	60.00
Car Expense	50.00
Janitor Expense	75.00
Taxes	100.00
Depreciation and Amortization	275.00
Miscellaneous	100.00
Heat, Light, Water	250.00
Accounting Service	<u>50.00</u>

Total Expenses		<u>1,495.00</u>
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TOTAL OPERATING COSTS PER MONTH		\$ 6,365.00
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ARCHERY LANE
Projected Operating Costs - Lease Basis
16 Lane Installation

Building Rent (Approx.) 9¢ per sq. ft.	\$ 1,440.00	
Equipment Rental (\$120 per lane min.)	1,920.00	
Salaries (includes \$600 for manager)	2,400.00	
Sign Lease	175.00.	
Lane Supplies (targets, mats, etc.)	<u>350.00</u>	
Total		\$ 6,285.00

Expenses

Telephone and Telegraph	35.00	
Advertising	625.00	
Insurance	65.00	
Car Expense	50.00	
Janitor Service	80.00	
Taxes	100.00	
Depreciation and Amortization	450.00	
Miscellaneous	100.00	
Heat, light, water	300.00	
Accounting Service	<u>50.00</u>	
Total Expenses		<u>1,855.00</u>

TOTAL OPERATING COSTS PER MONTH \$ 8,140.00

WCE ARCHERY LANE

Income Projection --- Lease Basis

20 Lane Installation

Lanes in Operation	20
Hours of operation	15
Lane hours per day	300
Participants per lane	4
Total customer hours	1,200
per day	30
per month	36,000
Total customer hours per month	36,000
(Optimum Capacity)	36,000

Operating Levels (percent of optimum at \$1.25 per hour).

	(Note 1)				
	15%	20%	25%	30%	35%
Lane Rental	\$ 6,750	9,000	11,250	13,500	15,750
Additional Income:					
Net Profit on pro shop sales (40% profit on sole estimated at 30% of lane rents).	810	1,060	1,350	1,620	1,890
Equipment Rental (12 1/2% of lane rents).	844	1,125	1,406	1,687	1,968
MONTHLY INCOME FROM OPERATION	8,404	11,205	14,006	16,807	19,608
Less Operating Expenses	10,250	10,250	10,250	10,250	10,250
NET PROFIT (OR LOSS) PER MONTH	(1,846)	955	3,756	6,557	9,358
ANNUAL PROFIT (OR LOSS)	11,460	45,072	78,684	112,296	111,188
Percentage Return on \$101,000 Investment	11.35%	44.63%	77.90%	111.18%	

Note 1. This 20% of optimum operating time can be achieved merely by operating with two leagues per night from 7 to 11 P.M. for five nights a week and does not take into account the Women and Junior Leagues in the morning and afternoon and the open play on week days and week ends.

ARCHERY LANE
 Projected Operating Costs - Lease Basis
 20 Lane Installation

Building Rent (Approx.) 9¢ per square foot	\$ 1,800.00	
Equipment Rental (\$120 per lane minimum)	2,400.00	
Salaries	3,200.00	
Sign Lease	200.00	
Lane Supplies (targets, mats, etc.)	<u>550.00</u>	
 Total		 \$ 8,150.00
 Expenses:		
Telephone and Telegraph	60.00	
Advertising	625.00	
Insurance	80.00	
Car Expense	60.00	
Janitor Service	200.00	
Taxes	125.00	
Depreciation and Amortization	450.00	
Miscellaneous	100.00	
Heat, light, water	350.00	
Accounting Service	<u>50.00</u>	
 Total Expenses		 <u>2,100.00</u>
 TOTAL OPERATING COSTS PER MONTH		 \$ 10,250.00

WCE ARCHERY LANE

Income Projection --- Lease Basis

24 Lane Installation

Lanes in Operation	24
Hours of Operation	15
Lane hours per day	360
Participants per lane	4
Total customer hours per day	1,440
per month	30
Total customer hours per month (Optimum Capacity)	43,200

Operating Levels (percent of optimum at \$1.25 per hour).

	15%	20% (Note 1)	25%	30%	35%
Lane Rental	\$ 8,100	10,800	13,500	16,200	18,900
Additional Income:					
Net Profit on pro shop sales (40% profit on sale estimated at 30% of lane rents).	972	1,296	1,620	1,944	2,268
Equipment Rental (12 1/2% of lane rents).	1,012	1,350	1,687	2,025	2,362
MONTHLY INCOME FROM OPERATION	10,084	13,446	16,807	20,169	23,530
Less Operating Expenses	12,150	12,150	12,150	12,150	12,150
NET PROFIT (OR LOSS) PER MONTH	(2,066)	1,296	4,657	8,019	11,380
ANNUAL PROFIT (OR LOSS)		15,552	55,884	96,228	136,560
Percentage return on \$121,800 Investment		12.76%	45.88%	79.00%	112.11%

Note 1. This 20% of optimum operating time can be achieved merely by operating with two leagues per night from 7 to 11 P.M. for five nights a week and does not take into account the Women and Junior Leagues in the morning and afternoon and the open play on week days and week ends.

ARCHERY LANE

Projected Operating Costs - Lease Basis

24 Lane Installation

Building Rent (Approx.) 9¢ per square foot	\$ 2,340.00	
Equipment Rental (\$120 per lane minimum)	2,880.00	
Salaries	3,400.00	
Sign Lease	200.00	
Lane Supplies (targets, mats, etc.)	<u>600.00</u>	
Total		\$ 9,420.00

Expenses:

Telephone and Telegraph	75.00	
Advertising	800.00	
Insurance	100.00	
Car Expense	80.00	
Janitor Expense	300.00	
Taxes	150.00	
Depreciation and Amortization	525.00	
Miscellaneous	150.00	
Heat, light, water	450.00	
Accounting Service	<u>100.00</u>	
Total Expenses		<u>2,730.00</u>
TOTAL OPERATING COSTS PER MONTH		\$ 12,150.00

WCE ARCHERY LANE

Income Projection --- Lease Basis

24 Lane Installation

Lanes in Operation	24
Hours of Operation	15
Lane hours per day	<u>360</u>
Participants per lane	4
Total customer hours	1,440
per day	30
per month	<u>43,200</u>
Total customer hours per month	<u>43,200</u>
(Optimum Capacity)	

Operating Levels (percent of optimum at \$1.25 per hour).

	15%	20% (Note 1)	25%	30%	35%
Lane Rental	\$ 8,100	10,800	13,500	16,200	18,900
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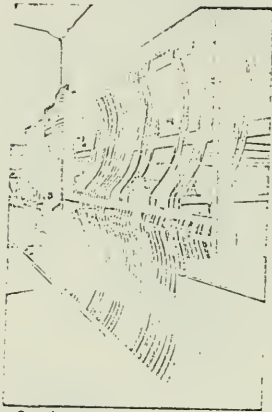
ARCHERY LANE
 Projected Operating Costs - Lease Basis
 24 Lane Installation

Building Rent (Approx.) 9¢ per square foot	\$ 2,340.00	
Equipment Rental (\$120 per lane minimum)	2,880.00	
Salaries	3,400.00	
Sign Lease	200.00	
Lane Supplies (targets, mats, etc.)	<u>600.00</u>	
Total		\$ 9,420.00

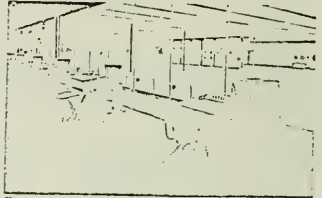
Expenses:

Telephone and Telegraph	75.00	
Advertising	800.00	
Insurance	100.00	
Car Expense	80.00	
Janitor Expense	300.00	
Taxes	150.00	
Depreciation and Amortization	525.00	
Miscellaneous	150.00	
Heat, light, water	450.00	
Accounting Service	<u>100.00</u>	
Total Expenses		<u>2,730.00</u>
TOTAL OPERATING COSTS PER MONTH		\$ 12,150.00

BURIEN ARCHERY LANES
 15701 Ambaum Boulevard
 Seattle 66, Washington



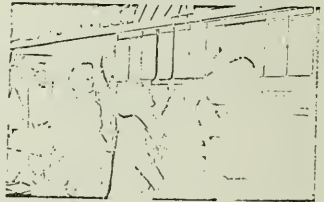
Rental equipment leads to tackle sales.



The Archermatic prototype was installed at Burien.



Burien archers pause for a refreshing respite.



Industrial league archers check their scores.

an installation of
WEST COAST ENGINEERING, INC.
 813 South Dakota St.
 Seattle 3, Washington

GOLDEN ARROW ARCHERY LANES
 2200 West Alameda
 Denver, Colorado



Three meals daily are served at Golden Arrow.



Interested spectators watch league competition.



Small fry receive the same expert instruction.



Archery great Howard Hill tests the Archermatic.

an installation of
WEST COAST ENGINEERING, INC.
 313 South Dakota St.
 Seattle 2, Washington

ARCHERYLAND
10015 Southeast Stark St.
Portland, Oregon



League archers display their intense concentration.



Expert planning resulted in a beautiful exterior.



The well stocked pro shop is a profitable adjunct.



One league waits for another to finish shooting.

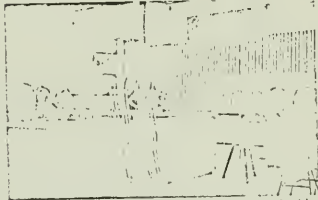
an installation of
WEST COAST ENGINEERING, INC.
810 South Dakota St.
Seattle 3, Washington

GOLDEN ARROW LANES OF COVINA

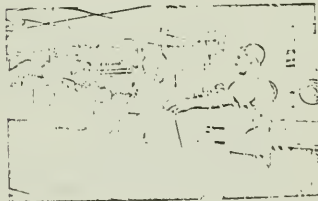
5136 N. Citrus Ave.
Covina, California



Bantam and Junior Leagues receive expert attention.



Golden Arrow pro shop is functional and profitable.



Expert instruction insures repeat business of Covina.



The 1962 NFAA Champion, Dan Cavallero, is the Golden Arrow pro.

an installation of
WEST COAST ENGINEERING, INC.
818 South Dakota St.
Seattle 8, Washington

TRAPOMATIC BY WCE

WEST COAST
ENGINEERING

EQUIPMENT INCLUDED PER LANE:

Booth - Complete with shot-resistant, safety Plexiglas panels; wood and steel laminated safety dividers; pneumatic sliding safety door with sensing switch edge; safety switch mats to operate safety door; shooting counter complete with sliding service doors to the equipment and mar resistant top; shooter's table.

Pigeonier - Automatically fed magazine and target storing device which stores up to 3,400 birds and feeds them to the target conveyor complete with electrical control gear.

Target Conveyor - Complete with motorized starter, air blower and pick-off mechanism to feed targets to the projectors.

Target Projectors - Two to a unit. Complete with pneumatic and electric control mechanisms to automatically project birds into the shooting area.

Air Compressor - To supply compressed air to the Trapomatic system. Motorized, complete with starter.

Shotguns - Three .22 caliber pump action, ventilated rib non-recoil shotguns per lane complete with safety tethering and warning devices. Custom stocks for children and adults.

Field Murals - One complete set of four color wall murals for two side and rear walls of the shooting area from booth line to rear wall. Sectionalized for simple replacement. Adds dimension and realism to shooting area.

Dimensional Shrubbery, Sound Absorbing Floor Cover - Shrubbery adds realism and depth to shooting area. Floor covering assists in absorbing sound.

Protective Net - Fine nylon net to protect rear wall from damage by flying targets. Does not affect image provided by wall murals.

Control Console - Central switch panel and warning system to control all mechanisms in each booth and lane.

818 S. DAKOTA ST.
SEATTLE 8, WASH.
MUTUAL 2-3550

TRAPOMATIC - FURNITURE AND ACCESSORIES
(Optional)

WEST COAST
ENGINEERING

Spectator Seating

Cigarette Urns

Operating Supplies (purchased from WCE as needed by operator)

Ammunition - .22 caliber long rifle bird shot in case lots.

Targets - Clay pigeons in case lots.

Score Pads

Awards

818 S. DAKOTA ST.
SEATTLE 8, WASH.
MUTUAL 2-3550

OPERATOR SUPPLIES AND INSTALLS:

1. Sound reducing side and rear walls of the shooting area to WCE drawings and specifications.
2. Sound reducing ceiling with provision for concealed fluorescent lighting to WCE drawings and specifications.
3. Painted ceiling surface to WCE specifications.
4. Fluorescent ceiling lighting for the range area, booths and spectator area to WCE drawings and specifications.
5. Finished and trimmed booth headers from which WCE installation crew suspends booth. To WCE drawings and specifications.
6. Power supply to the adjacent room for the Pigeoneer magazine to WCE drawings and specifications.
7. 24 volt control wiring from room in which the Pigeoneer magazine is installed to control console. WCE to supply wire and connection. Operator installs.

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WEST COAST
ENGINEERING

TRAPOMATIC BY WCE

Estimated Expenses

4 Trap Unit

818 S. DAKOTA ST.
SEATTLE 8, WASH.
MUTUAL 2-3550

Salaries	\$ 650.00
Rent	500.00
Utilities	100.00
Janitorial Services	50.00
Depreciation (Note 1)	170.00
Insurance	25.00
Miscellaneous	50.00
	<hr/>
Total Monthly Expenses (Note 2)	\$ 1,545.00

Note 1: This is on a straight line basis and may be taken at any of the accepted accelerated rates.

Note 2: Total expense in cases where trap is run in conjunction with a bowling alley or archery range. Much of the expense would be on a percentage allocation of the total expense with the addition of one part time helper, e.g., 24 lane archery center monthly expenses \$12,500.00

10% allocated to Trap	1,250.00
1/2 person additional	300.00
	<hr/>
	\$ 1,550.00

**WEST COAST
ENGINEERING**

TRAPOMATIC BY WCE
Estimated Income Projection
4 Trap Unit

818 S. DAKOTA ST.
SEATTLE 8, WASH.
MUTUAL 2-3550

Number of Traps in operation	4
Hours of operation per day	15
Trap hours per day	<u>60</u>
Days per month	<u>30</u>
Optimum customer hours per month	1,800

Percentage of optimum capacity	10%	15% (Note 1)	20%	25%
Rental income @ \$8.00 per hour	1,440	2,160	2,880	3,600
Less: Optimum Expense	<u>1,545</u>	<u>1,545</u>	<u>1,545</u>	<u>1,545</u>
GROSS MONTHLY PROFIT (OR LOSS)	(115)	615	1,335	2,055
GROSS ANNUAL PROFIT (OR LOSS)	(1,380)	7,380	16,020	24,660
Return on Investment of \$22,000	----	33.55%	72.71%	112.1%

Note 1: 15% of Optimum is operating each unit 2.25 hours per day.

TRAPOMATIC BY WCE

WEST COAST
ENGINEERING

Estimated Income Projection

4 Trap Unit

818 S. OAKOTA ST.
SEATTLE 8, WASH.
MUTUAL 2-3550

Number of Traps in operation	4
Hours of operation per day	15
Trap hours per day	<u>60</u>
Days per month	<u>30</u>
Optimum customer hours per month	1,800

Percentage of optimum capacity	15%	20% (Note 1)	25%	30%
Rental income @ \$8.00 per hour	2,160	2,880	3,600	4,320
Less: Operating expense	1,545	1,545	1,545	1,545
Less: Cost of birds (Note 2)	<u>648</u>	<u>864</u>	<u>1,080</u>	<u>1,296</u>
GROSS MONTHLY PROFIT (or loss)	(33)	471	975	1,479
GROSS ANNUAL PROFIT (or loss)	(396)	5,652	11,700	17,748
Return on investment of \$22,000	---	25.7%	53.2%	80.7%

Note 1: This 20% of optimum operating time can be attained merely by operating with leagues from 7 to 11 P.M. five nights a week and does not take into account the Women and Junior Leagues in the morning and afternoon and the open play on week days and week ends.

Note 2: Cost of clay birds has been calculated at .008 each. Expense projected on five birds per minute maximum shooting capacity.

Note 3: The above projection does not reflect the expense incurred or the income generated by the sale of ammunition to shooters. It is suggested the ammunition be bought in quantities where the most ideal discount can be obtained and sold to the shooter at a little above cost to offset the expense of handling.

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WEST COAST ENGINEERING, INC.
Officers, Directors and Key Personnel

Bryan J. Dickinson ---- Seattle, Washington

President, General Manager and Director. Age 39. Mechanical, Design and Industrial Engineer. Formerly Manager, Northwest Branch, Eimco Corporation; Manager, Tungsten Carbide Bit Division, Hoist and Loader Division; Project Manager, Mining and Construction Division of Joy Manufacturing Company. Invented and designed WCE Automatic Indoor Archery equipment.

Jack D. Gay ---- Seattle, Washington

Vice-President and Director. Also Treasurer and Director of Silver Buckle Mining Company and partner of Gay & Scott, Investments. Age 45. Accountant. Formerly President of Sage Lumber Company and Treasurer of Northwest Uranium Mines, Inc.

Dr. F. E. Scott ---- Wallace, Idaho

Secretary and Director. Also President and Director of Silver Buckle Mining Company, partner of Gay & Scott, Investments. Age 62. Dentist. Mining executive in many mines past 30 years.

Nolan Brown ---- Cheney, Washington

Treasurer and Director. Also Director of Silver Buckle Mining Company; partner and officer and director in Brown and Holter Automobile Agencies; Brown & Holter Investment Co., Shadle Park Shopping Center, etc. Age 54. Businessman.

Willard J. Dziuk ---- Burien, Washington

Director. Partner in Burien Archery Lanes. Age 44. Retail business background. Operated Standard Oil Station in Des Moines with Clark Conrad for 15 years.

Richard Crawshaw ---- Seattle, Washington

Plant Manager. Age 40. General engineering, management, shop and maintenance background. Formerly Works Manager, Letson & Burbee, manufacturers of pulp and paper and miscellaneous engineering products, Vancouver, B. C.

Roy L. Sender ---- Seattle, Washington

Office Manager. Age 32. Accountant. Formerly with Heath Manufacturing Co. and Diamond Enterprises.

Al Osborn ---- Seattle, Washington

Sales Manager. Age 47. Sales and brokerage background. Formerly with M. A. Cleek and Co. and Pennoluma & Co.

George Keeney ---- Seattle, Washington

P. R. and Advertising Director. Age 40. Advertising. Twenty years experience in P. R. and advertising work as account executive and as owner of own firm.

Mackenzie Yager ---- Belmont, California

West Coast Sales Manager - age 58. Twenty-four years experience as Sales Engineer for Brunswick Corporation.

Harold Duncanson ---- Seattle, Washington

Plant Superintendent. Age 55. Extensive shop and manufacturing and equipment experience.

Harold Zirkel ---- Seattle, Washington

Field Installation Superintendent. Age 62. Extensive operating and management experience in heavy construction equipment.

Dale Morcy ---- Seattle, Washington

Archery Supply Manager. Age ~~43~~³⁶. Extensive sales experience in archery tackle. Professional Archer. Formerly bowyer for Howatt Bows.

Claude Hudson ---- Seattle, Washington

Purchasing Agent. Age 45. Twenty years experience in purchasing for light manufacturing.

Howard Hill ---- Los Angeles, California

Sales and Lane Promotion. Age 60. Forty years in archery. Has made dozens of movies on archery including full length feature "Tembo" in full color of hunting big game in Africa. All films available to West Coast. Known internationally as "Mr. Archery".

Bonnie Young ---- Seattle, Washington

Lane Promotion. Age 50. Twenty years experience in organizing telephone "boiler-rooms" to fill bowling lanes with league players. Has successfully converted techniques to archery.

John McPhelan ---- Los Angeles, California

Southern California Branch Sales Manager. Age 35. Five years experience as Sales Engineer with Brunswick Corporation.

September, 1962

HOWARD HILL IS STAR
OF ARCHERY EXPERTS

Howard Hill is known around the world as Mr. Archery -- and a glance at his record makes it easy to see why.

He's also known as "the greatest bowhunter of all time," "the Babe Ruth of archery" and "the old master".

Through a lifetime devoted to the sport -- in movies, radio, television, magazine articles and books -- he has become known as a living symbol of skill and achievement in archery.

His movies include 23 shorts for Warner Brothers, and all the actual archery shooting in "Robin Hood," "Elizabeth and Essex," "They Died With Their Boots On," "Dodge City," "Virginia City," "Buffalo Bill" and "Bandits of Sherwood Forest." He also made "Tembo" in Africa, which has been shown in 57 countries in seven languages.

Hill has hunted in 12 countries and taken more than 2,000 head of big game. He was the first white man known to slay an elephant with a bow and arrow.

Hill has thrilled millions with his exhibition shooting, including appearances at three world fairs. His dramatic demonstrations include hitting a coin tossed in the air and other equally difficult moving targets.

In organized archery competition, Hill won 196 consecutive Field Archery championships, although he modestly denies he is a "national champion" in the usual sense.

His arrows used in filming "Robin Hood" and his books and pictures are on permanent display in the Helms Athletic Foundation Hall of Fame.

September, 1962

BRYAN J. DICKINSON

SPEAKS ON ARCHERY

"The field of recreation is the most promising one in our immediate future. With more and more time available -- up to a third of our total time -- spent in recreation, the public must be offered more to do which contributes to the fundamental values of our lives. Archery is an excellent beginning for WCE, for this sport is truly a family activity and one which offers young people an outlet that is clean, safe and healthful."

"Like the sprinter, WCE will not lose its stride or chance a fall by looking over its shoulder to see where the competition is. We're going to hold our lead and finish the race in first place."

"Our attitude is one of a better and healthier mental condition. Breaking the four-minute mile has become common -- once Man decided he could do it. We take the attitude we can accomplish, as a firm, in four or five months what normally would take two years to do -- and we're doing just that."

"About 90 per cent of the people take part in summer recreation -- and tend to sit idle all fall and winter. Archery is a natural answer, fulfilling so many basic needs as well as being a perfect outlet for those frustrations and pent-in emotions with which we all are plagued."

September, 1962

BRYAN J. DICKINSON BRINGS
BROAD EXPERIENCE TO W.C.E.

Twice in recent years chance has led to radical changes in the life of Bryan J. Dickinson.

The first time was in Los Angeles in 1960, when he was struck by a bus and seriously injured.

Faced with a long convalescence, he resigned his post as design engineer and product manager for Joy Manufacturing Co., where he had enjoyed three years of notably successful career with the large machinery and equipment firm, and moved his family to Seattle to regain his health and start life anew.

That step, coupled with his talents and experience, set the stage for the luckier accident of his driving into a service station near his new suburban home to find the operators, Willard Dziuk and Clark Conrad, engaged in archery practice in their garage area.

The resultant conversation about archers' universal wish for arrow return and a systematic means of year-around and night shooting was the beginning spark leading directly to Dickinson's production of the Archermatic line of fully automated indoor archery equipment developed through West Coast Engineering, Inc., which he formed October 6, 1960 for that purpose and heads today as president.

Dickinson, at the age of 40, has almost 20 years of experience in all major phases of mechanical engineering, including market analysis, sales management, development and production.

After receiving his engineering education at Oklahoma Military Academy and the University of New Mexico, he spent four years in military service during World War II and was commissioned to pilot four-engine planes.

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MORE

Following a partnership in a successful truck and trailer sales business in Albuquerque, N.M., he was employed as a mechanical engineer by three affiliated firms, Spokane-Idaho Mining Co., Silver Crescent Leasing Co., and Continental Mining Co., which brought him to the Northwest and in turn led to two years in Wallace, Idaho, as branch manager for Miller Machinery Co.

In 1949 he joined the Eimco Corp. as branch manager headquartered in Seattle, with responsibility for sales throughout the Northwestern region embracing Washington, Oregon, California, Idaho, Montana, Alaska and Western Canada. He later organized and was managing director of an autonomous affiliate, Eimco-Canada, Ltd., and until 1957 had charge of all sales and distribution throughout Western Canada for the mining and construction equipment manufacturing firm, until he joined Joy Manufacturing Co.

Dickinson is a member of the A.I.M.M.E., Kappa Sigma fraternity and Episcopal Church.

He and his family live at 24219 Marina View Drive in Des Moines, Washington, a suburb of Seattle.

September 1962

DENVER'S GOLDEN ARROW LANES

OPEN WITH CEREMONY SEPT. 29

A bright new era in America's family recreation will be launched Sept. 29 with formal opening of Golden Arrow Archery Lanes in Denver, Colorado.

The fully automated indoor archery center is located in Alameda Shopping Center, 2200 W. Alameda.

The 32-lane range, coffee shop, nursery and pro shop, occupying 33,000 square feet, represents an investment of approximately ~~500,000~~ \$310,000.

All equipment in the center is engineered, manufactured, installed and maintained by West Coast Engineering, Inc., of Seattle, and bears the registered trade name Archermatic.

Owner of Golden Arrow Archery Lanes is Bow-ing, Inc., a Colorado corporation headed by C. K. Dillon, president, of suburban Littleton, Colo.

Nick (Spike) Clayssens, veteran Denver bowling figure, is general manager of Golden Arrow Archery Lanes, coming to his new post from managerhip Celebrity Sports Center since it opened in Denver in 1960.

Harold (Hal) Carmichael, owner of Hal's Sporting Goods in Denver, is manager of the pro shop.

Carmichael is one of only three professional archers in Colorado, and he also will head the competent archery instruction staff.

Robert E. McKelvey, formerly night food and beverage manager at Celebrity Sports Center, is manager of the Golden Arrow restaurant.

Ceremonies and festivities marking the opening of Golden Arrow Archery Lanes begin with daily invitational previews starting September 26 with a press gathering and climaxing with a gala ribbon-cutting ceremony Saturday, September 29, to welcome the public to the first of a series of such new automated indoor archery centers across the nation.

September, 1962

ARCHERMATIC INSTALLATION

PACKAGES LAKE PROFITS

West Coast Engineering, Inc., delivers a complete package tailored for profits when it sells an Archermatic installation.

The package includes everything to put and keep the archery center operator in business.

Included is training of personnel, advertising and promotion, pro shop stocks, rental equipment and systematic records forms, leaving nothing to chance.

Operators are brought to Seattle for thorough indoctrination in every detail, from design, fabrication and maintenance of all Archermatic range equipment to programming personalized cooperative public relations for their own locale backed up with strong national advertising.

Meanwhile, professional archery instructors are nominated to the operator, along with complete lines of archery tackle and related merchandise for the pro shop and all the essential equipment for the coffee shop, nursery and control counter, right down to time clock and cash register.

The recommended archery center consists of at least 24 lanes. Such a complete installation costs an average of \$170,000, and is available on either a lease or purchase basis.

"We want and expect the operator to enjoy a high return on his investment," says Bryan J. Dickinson, president of WCE. "We have gained tremendously valuable experience in the prototype Burien Archery Lanes operation, and the only way we can offer an investor an efficient, profitable business is to work closely with him -- every step of the way."

September, 1962

DENVER OPENING SEPTEMBER 29
MARKS START OF BIG ERA

With a year's operation of prototype lanes and tooling up behind it now, West Coast Engineering, Inc., this month launches into a bright new phase offering America great new opportunities for family recreation -- automated indoor archery.

Golden Arrow Archery Lanes, a 32-lane range in Denver, Colorado, opens September 29.

Archery Land, a 24-lane installation in Portland, Oregon, opens October 27.

Two more archery centers in the Los Angeles area (Covina and Downey, Calif.) and one in the San Francisco area (Redwood City, Calif.) will open before the end of 1962.

Additional openings early in 1963 are scheduled in San Diego, Denver, Portland, San Francisco, Dallas, Houston and Phoenix.

By mid-1963, according to the WCE production schedule today, there will be 17 more archery lanes installations opened in California plus 30 more in Midwest cities.

Brysa J. Dickinson, president of WCE, says:

"A conservative projection of our situation today looks very healthy, indeed. We should achieve more than 100 installations by the end of 1963. It is conceivable that by the end of 1964 we can double our output for a total business of \$100,000,000 during the next two years."

September, 1962

WEST COAST ENGINEERING
RISE IS SWIFT, SWEET

West Coast Engineering, Inc., of Seattle was formed in 1960 as a manufacturers' representative organization with plans to research and develop recreational products of its own.

Its founder and president is Bryan J. Dickinson.

At the outset the firm was headquartered in modest leased space at 2427 Sixth Avenue South, Seattle.

Interest and emphasis on archery came about accidentally when Dickinson drove into a service station near his home and found the operators, Willard Dziuk and Clark Conrad, bowing arrows into a target in their station's garage.

The conversation disclosed Dziuk and Conrad were professional archers as well as archery hobbyists, and they explained to Dickinson archers' age-old yearning for some sort of effortless arrow return, plus the potential of also moving the sport indoors for year-around and night play.

Dickinson applied his engineering creativity to the challenge of the problem that had frustrated sporting archers since the Stone Age.

Within six months his firm was fabricating some of the automated range equipment, and in September, 1961, the Burien (Wash.) Archery Lanes were opened as a prototype installation of fully automated indoor archery.

Dickinson recognized he needed a "track record" operation if he was to attract investors to the sport, so a market survey was launched.

Within six months he knew he had something that would sell -- and West Coast Engineering, Inc., held 33 basic patents on the equipment.

MORE

2.

One year of the Burien Archery Lanes operation proved the feasibility of investment, which averages out now to approximately \$170,000 for each range location of 24 lanes.

Further financial studies indicated the need for both capital and plant expansion.

To accomplish this, West Coast Engineering, Inc., was placed in a stock option affiliation with Silver Buckle Mining Co., Inc., of Idaho, and the offices and production were shifted to a 36,000-square-foot building at 818 South Dakota Street, Seattle.

Today West Coast Engineering, Inc., has 100 employees on a payroll of about \$50,000 a month.

Although current efforts are devoted almost exclusively to development and production of Archermatic equipment -- copyrighted trade-name of WCE automated indoor archery equipment -- additional expansion of both plant and personnel is anticipated.

Also, further growth also is imminent with well-advanced current development of Trapomatic, a companion line of automated indoor trap-shooting equipment.

Today's orders at hand -- franchise options secured by substantial cash deposits tied into specific performance contracts -- give WCE five ranges installations embracing 128 lanes opening before the end of 1962, plus opening of 34 other ranges totalling about 768 lanes scheduled already for 1963.

From a tested idea to a backlog of some \$7,000,000 worth of orders in six months -- that's today's story of WCE.

September, 1962

ARCHERY HAS BIG POTENTIAL

AS SPORT AND INDUSTRY

Today there are approximately 3,600 archery clubs in the U.S. with a total active membership estimated at 7,500,000 persons.

Retail sales of archers' equipment are in third place nationally, following only fishing tackle and ammunition, according to a recent survey by a trade magazine, Sporting Goods Dealer.

As a family-appeal sport, archery today falls in sixth place --- boasting with an estimated 37,000,000 participants; bowling, 28,000,000; bicycling, 27,000,000; camping, 22,000,000; hunting, 18,000,000; archery, 7,500,000; tennis, 6,700,000; golf, 5,400,000; water-skiing, 5,000,000.

Adding automation to archery, and extending the season and hours of shooting by moving it indoors, should increase the number of archers five-fold, according to Bryan J. Dickinson, president of West Coast Engineering, Inc.

"If bowling is any measure, it indicates there is room for nearly 50,000 archery lanes in the U.S.," Dickinson says. "We are shooting for only 10 per cent of that figure in the next five or six years. I see no reason to believe we will fall short of our target."

A goal of 5,000 archery lane installations means a total volume of business of \$350,000,000 for SCE, according to Dickinson.

OPENING PROGRAM
GOLDEN ARROW ARCHERY LANES
ALAMEDA SHOPPING CENTER
DENVER, COLORADO

Tuesday	September 25	9:00 P.M.	Alameda Shopping Center party. The purpose of this is to acquaint all employees and members of businesses in the Shopping Center with Golden Arrow Archery Lanes and with the games of archery. A short program including the movie, "Archery for Everyone"; a full explanation of tie-in promotions and announcement of advertising and promotional program will be included. Every person will be given instructions on shooting and will have a chance to shoot for prizes. In this manner, the operating personnel of the lanes will have a chance to get acquainted with all of the employees of the Shopping Center and will be able to explain archery so that they in turn will be able to answer questions of the customers. Howard Hill and Mary Fleming will put on an exhibition. Coffee and a light snack will be served.
Wednesday	September 26	7:00 P.M.	Press party. This will include all members of the communications industry as well as free-lance public relations and advertising people. All employees of all radio stations, news men, TV stations, outdoor companies, etc., will be invited. Everyone will learn to shoot the bow and arrow and will participate in competition for prizes. Press kits will be distributed; games of archery explained; the film, "Archery for Everyone" shown, and Howard Hill and Kathy Duncan will put on exhibitions. Following the shooting and awards of prizes, the buffet and bar will be open and dancing to a combo will conclude the evening.
Thursday	September 27	7:30 P.M.	Business leaders night. All business and civic leaders, church, Y.M.C.A, Y.W.C.A, school, scout and sports leaders will be invited. Everyone present will be instructed and given a chance to shoot and a program emphasizing the family, tongue and youth benefits will be presented. Again, prizes will be awarded for those shooting for the first time; the games of archery explained, and fact sheets distributed detailing the lane operation as well as facts about archery. Howard Hill, Kathy Duncan and Mary Fleming will put on an exhibition which will be followed by refreshments.

Friday	September 28	7:30 P.M.	<p>Grand Opening. Invitations will be sent to all top business and political leaders in the area. A brief dedication ceremony will be held followed by a shoot-off of the featured dignitaries (Governors of Washington and Colorado, if possible). The program will be followed by entertainment and an exhibition by Howard Hill, Mary Harning and Kathy Duncan. This exhibition will include a brief competition between Mary Horninn, Washington State Junior Champion, and the Colorado State Junior Champion. The shooting by guests will resume until all have had a chance to shoot for token prizes. This will be followed by a buffet and dancing to conclude the evening.</p>
Saturday Sunday	September 29 October 14	through	<p>Public Opening during which time all beginning shooters will be given free instruction and 15 minutes free shooting time. At least 12 lanes will be devoted to this phase of the program during the public opening. Also, we will include showings of Howard Hill movies and archery movie, "Archery for Everyone" in the Golden Arrow Theater. Prizes will be awarded building up to a shoot-off for the grand prize. During the first part of the public Open House, Howard Hill and Mary Harning will put on three or four per day exhibitions. Kathy Duncan will be on hand on Saturday September 29 for demonstrations. The second week of the public Open House, exhibitions will be handled by professional archers from Colorado.</p>

Note: Hostesses for the Business leaders night and for the Grand Opening will be the student body officers of the two exclusive girls' schools in Denver.

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1962 ANNUAL REPORT • WEST COAST ENGINEERING, INC.



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Research and Development
Manufacturing
Marketing

A SUBSIDIARY COMPANY OF SILVER-BUCKLE MINING CO., WALLACE, IDAHO

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FROM THE PRESIDENT

1962 was the year of decision. The increase of gross sales reflected a healthy corporate growth. Gross sales (\$1,104,126.42) for the twelve month period ending February 28, 1963 increased 1,650% over gross sales (\$66,629.31) for the fourteen month period ending February 28, 1962.

Along with a substantial increase in gross sales, cost of goods sold decreased encouragingly despite a heavy load of initial developmental cost and a number of non-recurring expenses. Compared to gross sales, cost of goods sold during the twelve month period ending February 28, 1963 was 85.5%. For the fourteen month period ending February 28, 1962, cost of goods sold compared to gross sales was 85.5%. Cost projections for the coming year indicate a more substantial reduction than the 31% reduction between the two periods.

Responsible for the healthy increase of gross sales was the installation of 120 lanes of Archermatic automatic indoor archery equipment and related accessories in Burien, Washington, Denver, Colorado, Portland, Oregon, Oxnard and Covina, California.

A highly significant comparison: Sales and administrative costs of \$567,274.10 were charged against Archermatic sales to the five automated, indoor archery centers presently in operation. Under generally accepted auditing standards, each sale cost approximately \$11,454.

If these expenses had been charged against the 20 additional sales actually made but not installed to date, cost of each sale would be only \$22,691.

It must be noted that many of the expenses made during the past twelve month period are those which will not occur again for some time. In building a national manufacturing and sales organization, the cost of training personnel, developing products and promotional material is highly expensive. This is normal in almost any type of new business.

THE YEAR AHEAD

\$5,000,000 worth of orders for Archermatic automated indoor archery equipment and related accessories have been accepted thus far. Installation will be made in California, Kansas, Kentucky, Indiana, Oklahoma, Ohio, New York and Connecticut.



Bryan J. DePinto

President



INTRODUCING THE TRAPOMATIC

The Trapomatic automated, indoor trapshoot will be placed on the market this year. Conservative projections point toward the sale of forty-eight booths of Trapomatic in the year ahead. The initial installation of four booths of Trapomatic will be made at Golden Arrow Archery Lanes, Denver, Colorado and should be in operation by June, 1963.



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THE YEAR IN REVIEW

BURIEN ARCHERY LANES 15701 Ambaum Blvd. S.W. Seattle, Washington

The prototype installation was made at Burien Archery Lanes and opened in September, 1961. A close scrutiny of its operation and promotional schedule was made to supply this information to future installations. Burien is now an established business. A healthy increase in the number of archery league players is now found at Burien compared to the number of consistent league players last year.



GOLDEN ARROW ARCHERY LANES 2200 West Alameda, Denver, Colorado

Thirty-two lanes of indoor automatic archery were opened to the public in September, 1962. Located in one of the largest existing shopping centers in the Denver area, it is the largest indoor archery center in the world. Four lanes of Trapomatic will be installed at Golden Arrow and will be open to the public by June, 1963.



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ARCHERYLAND

10015 Southeast Stark, Portland, Oregon

Opened in November, 1962, Archeryland has one of the most attractive exterior designs of any of the existing installations. Archeryland was first to establish the existing pattern of twenty-four lanes of Archermatic as an average size indoor archery center. Archeryland was also first to locate in a popular suburban area of a metropolitan city.

**DOWNEY ARCHERY LANES**9528 East Imperial Highway
Downey, California

The Downey Archery Lanes opened in December, 1962. It is located in a heavily populated suburb about twenty miles from Los Angeles proper near Long Beach. The Downey public opening successfully utilized a one hour television show televised "live" from the lanes. The Downey pro shop set a profitable pattern of operation that is being followed closely by all installations.

**GOLDEN ARROW ARCHERY LANES
OF COVINA**

5136 North Citrus Ave., Covina, California

Also opened in December, the Golden Arrow Archery Lanes of Covina has the distinction of having what many term the most beautiful interior design and decor of any of the indoor archery centers. The Covina corporation is planning several more indoor archery centers in Southern California.



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BALANCE SHEET

FEBRUARY 28,

ASSETS	1963	1962
CURRENT ASSETS		
Cash	\$ 163,281.13	\$ 66,465.86
Notes receivable	31,750.27	1,746.00
Trade accounts receivable (less allowance for doubtful accounts, 1963—\$5,940.00; 1962—\$1,423.32)	95,311.02	9,288.29
Current portion of installment contracts receivable	16,571.00	—
Inventories at the lower of cost, on the first-in first-out basis, or market:		
Merchandise for resale	26,317.22	9,079.04
Installations in progress	206,364.98	2,471.25
Advances and prepaid expenses	27,686.20	2,630.40
Total current assets	\$ 567,281.82	\$ 91,680.84
INVESTMENTS (At Cost) AND OTHER ASSETS:		
Investment in Silver Buckle Mining Company stock—parent company market \$1,600,000; underlying book value \$386,000	\$ 571,428.00	—
Other investments	3,750.00	—
Rental archery lanes installation (less accumulated depreciation of \$7,849.32)	—	\$ 48,897.37
Installment contracts receivable less portion included in current assets above	34,854.88	—
Unamortized research, development and organization costs Note 1	122,429.70	51,956.12
Unamortized patent costs and patents applied for	19,228.89	3,432.93
	\$ 751,691.47	\$104,286.42
EQUIPMENT AND LEASEHOLD IMPROVEMENTS (At cost less accumulated depreciation and amortization, 1963—\$15,412.09; 1962—\$5,781.87)		
	39,449.63	17,634.91
	<u>\$1,358,422.92</u>	<u>\$213,602.17</u>

See notes to financial statements

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BALANCE SHEET

FEBRUARY 28,

1963

1962

LIABILITIES AND STOCKHOLDERS' EQUITY**CURRENT LIABILITIES:**

Contracts payable	\$ 1,278.92	\$ 6,257.14
Accounts payable:		
Trade	74,175.88	15,576.28
Silver Buckle Mining Company	11,469.29	—
Salaries and wages payable	7,099.76	5,196.65
Business and payroll taxes payable	18,082.50	2,653.43
Archery lane installation deposits	41,960.00	—
Notes payable—convertible into common stock (Note 4)	40,000.00	—
Unearned finance charges	6,846.28	—
		<hr/>
Total current liabilities	\$ 200,912.63	\$ 29,683.50

CONTINGENT LIABILITIES (Note 3)**STOCKHOLDERS' EQUITY (Note 4):**

Common stock, par value \$2.00 a share:		
Authorized, 1,500,000 shares		
Issued and outstanding, 1963—662,494 shares; issued and subscribed, 1962—146,780 shares	\$1,324,988.00	\$293,560.00
Less stock subscriptions receivable	—	1,900.00
	\$1,324,988.00	\$291,660.00
Deficit	(167,477.71)	(107,741.33)
	\$1,157,510.29	\$183,918.67
	<u>\$1,358,422.92</u>	<u>\$213,602.17</u>

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STATEMENT OF NET LOSS AND DEFICIT

	<i>Year Ended February 28, 1963</i>	<i>Fourteen Months Ended February 28, 1962</i>
Sales	\$1,104,126.42	\$ 66,629.31
Cost of goods sold	<u>602,004.55</u>	<u>56,995.91</u>
GROSS MARGIN ON SALES	\$ 502,121.87	\$ 9,633.40
Other income:		
Rental income less depreciation of \$14,864.88 (leases sold September 17, 1962 and January 28, 1963)	3,076.12	3,520.68
Miscellaneous	<u>2,339.73</u>	<u>2,619.73</u>
GROSS MARGIN	\$ 507,537.72	\$ 15,773.81
Operating expenses:		
Selling	\$ 351,884.23	\$ 69,274.18
General and administrative	<u>215,389.87</u>	<u>54,240.96</u>
	\$ 567,274.10	\$ 123,515.14
NET LOSS	\$ (59,736.38)	\$ (107,741.33)
Deficit at beginning of period	<u>(107,741.33)</u>	<u>—</u>
Deficit at February 28	<u>\$ (167,477.71)</u>	<u>\$ (107,741.33)</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 1963

NOTE 1—ACCOUNTING POLICIES.

The Company offers indoor archery equipment installations to the public on either a seven year lease or an outright sale arrangement. Costs of these installations are charged to operations if they are sold, or capitalized and depreciated over an eight year period if they are leased.

Archery equipment research and development costs have aggregated \$94,943.10. In addition the Company has incurred costs of \$47,537.97 in the development of indoor trap shooting equipment. Such costs are amortized over five year periods as incurred. However, under provisions of Internal Revenue Code Section 174, the Company has elected to deduct such costs in the year incurred for tax purposes.

NOTE 2—FEDERAL INCOME TAX STATUS

The net loss of the Company for Federal income tax purposes from inception to February 28, 1963 amounts to approximately \$290,000.00, which loss may be carried forward to apply against future taxable income through December 31, 1967.

NOTE 3—CONTINGENT LIABILITY.

All installations to date have been leased and subsequently sold to finance companies requiring repurchase at the end of the lease period.

The aggregate of repurchase prices of all installations is \$77,001.

As of February 28 1963, the Company's contingent liability under terms of recourse agreements requiring repurchase of leased archery lane installations, in the event of default by the lessees, was approximately \$837,000.00. All of the shares of Silver Buckle Mining Company stock registered in the name of the Company have been deposited in escrow as security to assure performance under the terms of the recourse agreements.

The Company is also contingently liable under the terms of an assignment of a lease relating to premises formerly occupied at 2427 - 6th Avenue South, Seattle, Washington, amounting to approximately \$15,500.00.

NOTE 4—COMMON STOCK HOLDINGS AND OPTIONS AT FEBRUARY 28, 1963:

The parent company, Silver Buckle Mining Company is the holder of 585,714 shares (88.4%) of the Company's issued and outstanding common stock. 285,714 shares were issued at par value in exchange for 1,999,998 shares (22.0%) of the parent company's common stock and 300,000 shares were issued for cash at par value. Additional shares may be purchased by the parent company for cash at par value as follows:

3298

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 1963

<i>On or before</i>	<i>Number of shares</i>
December 31, 1963	100,000
August 7, 1966	<u>80,000</u>
Total	<u>180,000</u>

All of the foregoing is pursuant to an agreement, under which the parent company acquired its interest, dated November 10, 1961.

Other stockholders of record as of August 7, 1961 have options to purchase common stock of the Company for cash at \$2.00 a share as follows:

<i>Period</i>	<i>Number of shares</i>
September 30, 1962	
to September 30, 1963	111,600
January 1, 1964	
to December 31, 1964	111,600
March 31, 1965	
to August 7, 1966	55,800
Total	<u>279,000</u>

Options have been granted to key employees of the Company under terms of which 73,667 shares of the Company's common stock may be

purchased for cash at \$2.00 a share. These options may be exercised at various times as earned and are conditioned upon continuing employment by the Company during the option periods. Employees of the Company have earned the right to purchase 32,667 of these shares. Options to purchase common stock of the Company have been granted to others as follows.

<i>On or before</i>	
December 10, 1963	10,000 shares at \$2.00 per share for cash
December 17, 1963	20,000 shares at \$2.00 per share on conversion of a note payable of \$40,000.00
December 17, 1963	20,000 shares at \$4.00 per share for cash
December 10, 1964	10,000 shares at \$4.00 per share for cash
December 10, 1964	<u>10,000</u> shares at \$6.00 per share for cash
	<u>70,000</u>

None of the aforementioned options have been exercised.

3299

ACCOUNTANTS' REPORT

FORD & WADE Certified Public Accountants

1912 WEST STARK BUILDING
SEATTLE, WASHINGTON
APRIL 1, 1967

ROBERT J. WADE, C.P.A.
DUNCAN FORD, C.P.A.

Board of Directors
West Coast Engineering
Seattle, Washington

We have examined the balance sheet of West Coast Engineering, Inc. as of February 28, 1967 and the related statements of net assets and debt as of the year ended 1967. Examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

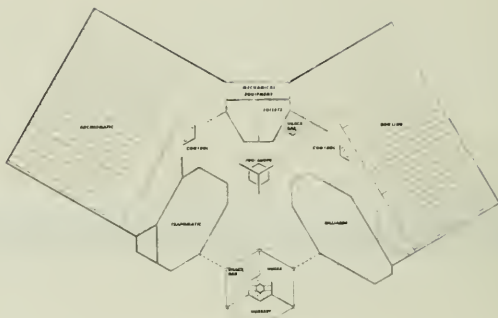
In our opinion, the financial statements referred to above present fairly the financial position of West Coast Engineering, Inc. as of February 28, 1967 and the results of its operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Robert Wade

ROBERT WADE, C.P.A.

Net

3300



THE INDOOR RECREATIONAL COMPLEX

National market studies point out the need for all types of indoor recreational equipment . . . automated indoor archery centers, trapshoots, ice rinks, bowling, billiards and any kind of sport which is participant as opposed to spectator.

During the past ten years, participant sports have increased 116%. Spectator sports showed only a 60% gain during the same period.

Thus, on the horizon, there is a fast growing trend toward the concept of *total* indoor recreation.

One of the most interesting total concepts to date was designed by WCE associate, Designs For Recreation of Covina, California. The huge indoor recreational complex now under construction in Evansville, Indiana by MARC, Inc. (Mount Auburn

Recreation Center) controlled by John Engelbrecht and associates of Evansville, as shown above, is an example of this forward and aggressive type of planning.

Engelbrecht and associates plan to build at least five of the indoor recreational behemoths upon completion of the Evansville installation sometime this year.

Not shown is the second floor of the building. This space will be one of dual purpose. It will contain a regulation indoor ice rink that can be converted upon short notice to the "Top Of The Marc Ballroom" or convention hall. Included on the lower floor will be automated, indoor archery, automated, indoor trapshooting, bowling, billiards, and other popular indoor participant amusements and sports.

3301



RESEARCH AND DEVELOPMENT

For the past year, the engineering department in conjunction with the manufacturing department, has been engaged in the development of the Trapomatic. A prototype of the unique indoor trapshoot was installed in the plant. The Trapomatic prototype was unveiled in early April with success to the Seattle press.

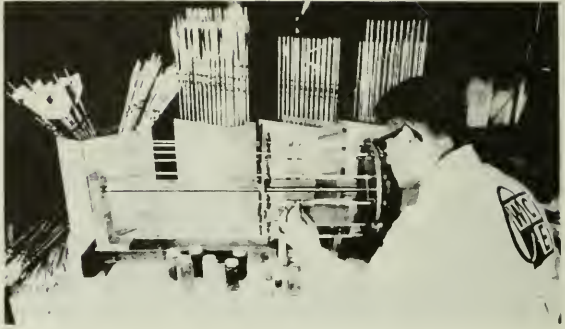
Along with daily testing of the new Trapomatic, the Archeromatic is given continual test runs to substantiate its reliability. Modifying improvements and additions are being considered for the Archeromatic by the engineering and manufacturing committees.

In what might be WCE's most significant development during 1963, the engineering department

is developing a floor for installation in the myriad of indoor ice rinks that are being built all over the United States. The new design is a radical departure from the conventional ice rink floor. It is intended to cut installation and maintenance costs in new and existing indoor ice rink installations.

Other projects related to indoor recreation are also in the developmental stage or are being considered for development. However, because of the highly competitive nature of the recreation equipment industry, these will not be announced until such time as they become reality, patents are applied for and plans to market them are in effect.

3302



MANUFACTURING

In pioneering a new industry such as automated, indoor archery, many new process and manufacturing procedures had to be developed. This development has taken place with no prior facts, figures or statistics from which to base efficient manufacturing performance or productivity.

At the present time, manufacturing is geared for rapid, efficient mass production of the Archermatic and Trapomatic automated equipment.

The manufacturing department with the aid of engineering, has developed several interesting processes which will have relationship to future profits of the company.

One procedure involves a large hydraulic press utilized in the manufacture of compressed cor-

rugated cardboard mats used in every Archermatic target return in each of the installations. With many target frames in existence, a new mat has to be replaced about once every four to six weeks.

Manufacturing has also developed a new method of creasing arrows on a mass scale. Operational studies of the pro shops in the indoor archery centers have shown an excellent market for expensive, customized arrows, each of which is crested according to the individual's taste.

Several other interesting developments in the manufacturing department are presently taking place. However, the very nature of the competition in the indoor recreation industry precludes disclosure at this time.

3303



MARKETING

The sale of an Archermatic or Trapomatic installation is not closed upon the signing of the equipment contract. WCE sales engineers' responsibility with equipment purchasers includes site selection, securing of additional financing or investors, acting in an advisory capacity in the planning, architecture, contracting of each building or installation and seeing that the new business gets off to the proper start toward profits.

Closely allied with marketing is the WCE public relations and advertising program. The company's objective is to establish a broad program of national, regional and local publicity that will create a market for its products;

place institutional advertising on both regional and national levels to increase the consumer demand for archery and trapshooting and to provide complete, cooperative advertising and promotional programs for both existing and future indoor recreation centers with WCE equipment.

The sale of equipment (bows, arrows, related accessories) to indoor archery centers by WCE is an important facet of its marketing activities. During the past year, sales of "pro shop" equipment have shown a steady, remarkable growth. Several other avenues of profit in this direction are being given attention at present in order to increase gross volume of sales and net profit.

3304

OFFICERS AND DIRECTORS

BRYAN J. DICKINSON	President
JACK D. GAY	Executive Vice President
DR. F. E. SCOTT	Secretary
NOLAN E. BROWN	Treasurer
WILLARD J. DZIUK	Director

BANKS

SEATTLE TRUST AND SAVINGS BANK . .	Seattle, Washington
BANK OF CALIFORNIA, N.A.	Seattle, Washington

GENERAL OFFICE

WEST COAST ENGINEERING, INC. . . .	818 S. Dakota Street Seattle 8, Washington
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FIRST ANNUAL REPORT



3306

WEST COAST ENGINEERING, INC.
818 SOUTH DAKOTA STREET / SEATTLE 8, WASHINGTON

NATIONAL STOCK SUMMARY
October 1, 1962 to April 1, 1963

Si	Wants	Offerings
Miller Tallman & Co Chgo	3-1-63	Ⓢ.10 D
R E Nelson & Co Spokane	3-28-63	5000Ⓢ.02 L
SILVER DOWL INC 410 Main St., Kellogg, Idaho		
Note—Oct. 1951 receiver appointed.		
Assessment—1 cent per sh payable by May 12, 1964. Div. last sent		
date 5-29-54		
R E Nelson & Co Spokane	3-28-63	5000Ⓢ.07 L
J May & Co Inc N Y	3-29-63	Ⓢ.08 Ⓢ.10 D
SILVER BUCKLE MINING CO (Ida.) South Bldg., Wallace, Id		
—COM (10 Cents) Transfers Co. check Oct. 6, 1962, 500,000 shs.		
Block Issue—Jan 1962 278,000 shs at 2 1/2 cents by Standard		
Securities Corp.		
Add'l Issue—Apr 1954 1,000,000 shs at 1 1/2 cents by Standard		
Secs Corp, Harrison S Brothers & Co, Crossed Brokers & Co, Wein-		
bey Investment Co.		
Bergleitner & Co Inc N Y	11-6-62	Ⓢ.40 Ⓢ.10 D
Garnhart & Otis Inc N Y	11-23-62	Ⓢ.60 Ⓢ.10 D
J. Schuffman & Co J C	11-30-62	Ⓢ.68 Ⓢ.10 D
Arthur's Testrange & Co Pitts	12-20-62	Ⓢ.10 Ⓢ.10 D
Herzold Stein N Y	12-28-62	300 Ⓢ.10 D
Hardy & Hardy N Y	1-9-63	Ⓢ.14 Ⓢ.10 D
J P Reilly & Co Inc N Y	1-28-63	Ⓢ.18 Ⓢ.10 D
Hirkenmayer & Co Denv	2-1-63	Ⓢ.1 Ⓢ.10 D
West Chelsea Corp N Y	2-2-63	Ⓢ.85 Ⓢ.10 D
Dempsey Tregler & Co S F	2-2-63	Ⓢ.80 Ⓢ.10 D
General Amer. & Cda Sec S F	2-2-63	Ⓢ.70 Ⓢ.10 D
Paul H Aschkar & Co L A	2-22-63	Ⓢ.80 Ⓢ.10 D
J K Rice Jr & Co NY	2-26-63	Ⓢ.80 Ⓢ.10 D
Yulquist Secs S L C	3-28-63	Ⓢ.75 Ⓢ.10 D
R E Nelson & Co Spokane	3-29-63	2000Ⓢ.78 8000 Ⓢ.10 D
A L Greenberg & Co Inc N Y	3-29-63	Ⓢ.70 Ⓢ.10 D
G Everett Parks & Co Inc J C	3-29-63	Ⓢ.70 Ⓢ.10 D
Greene & Co N Y	3-29-63	Ⓢ.70 Ⓢ.10 D
J May & Co Inc N Y	3-29-63	Ⓢ.70 Ⓢ.10 D
James Anthony & Co Inc NY	3-29-63	Ⓢ.70 Ⓢ.10 D
John J O'Leary Jr & Co N Y	3-29-63	1MⓈ.70 1M Ⓢ.10 D
Johnson Lowry & Co Colo	3-29-63	Ⓢ.75 Ⓢ.10 D
M S Wien & Co Inc J C	3-29-63	1MⓈ.72 1M Ⓢ.10 D
White & Co N Y	3-29-63	Ⓢ.70 Ⓢ.10 D
SILVER BURDETT CO. (N. J.) (Morristown, N. J.)		
Acquired—4-62 by Time Inc. in exchange for 65,000 shs Time		
Inc.		
—PFD 5% CUM.		
Called—Entire issue at \$100 plus \$1.57 div at National Newark		
& Essex Banking Co., Nwrk 4-23-62.		
—COM (\$50).		
Howell O Archard & Co N Y	5-31-62	Ⓢ.12 L
SILVER CHIEFTAIN MINING CO (10 Cents) Office Mohawk's		
Bldg. Spokane		
R E Nelson & Co Spokane	3-29-63	5000Ⓢ.04 15000Ⓢ.06 T
J May & Co Inc N Y	3-29-63	Ⓢ.03 Ⓢ.08 D
SILVER CRY PETROLEUMS LTD		
—(old Part) listed only, Oct. 2, 1959, 612 shs.		
SILVER CREEK NATIONAL BANK Silver Creek, N. Y.		
—(old) Oct. 6, 1950 shs. Div. 10%, atk 8-62.		
Called Change—3-62 shs. Div. 10%, atk d'v.		
atk 8-62.		
SILVER CREEK NATIONAL BANK (N. Y.) Silver Creek, N. Y.		
—(old) (to a date) listed. Transfers United ...		
H. Y. ...		
Add'l Issue—Apr 1954 87,000 shs at 1 1/2 cents by Standard		
Securities Corp.		
Add'l Issue—Oct 1947 150,000 shs at 1 1/2 cents by Standard		
Securities Corp.		


 SILVER BUCKLE MINING COMPANY

WALLACE, IDAHO

March 5, 1963

 SAIF LINDSAY QUINN
 927 WALLACE BANK BUILDING

Mr. Don Harrison
 Pennington & Co.
 Radio Central Building
 Spokane, Washington

Dear Mr. Harrison:

As you may know, the Securities and Exchange Commission has been conducting an investigation of transactions in the stock of Silver Buckle Mining Company occurring during the Fall of 1962. You, of course, have an interest in the nature of this investigation.

The Securities and Exchange Commission cannot, of course, disclose to the public the nature or the results of its investigations. As a result of this lack of information, rumors have inaccurately reported the nature of this investigation and its connection with Silver Buckle Mining Company and its subsidiary, West Coast Engineering, Inc.

The Securities and Exchange Commission is, as you know, charged by Congress with the duty of maintaining surveillance over the exchange and over-the-counter markets for securities. In the exercise of this duty the Commission is required to investigate unusual activity in these markets.

For a number of years the shares of Silver Buckle enjoyed a modest market as a mining issue. During the Fall of 1962, due to a spectacular growth of the business of West Coast Engineering in the archery field, substantial and wide-spread interest in the shares of Silver Buckle developed in the over-the-counter market. The price rose from about 20 cents per share in September to over \$1.00 per share in December, an increase of 500% in two months. It was only right and proper that the Securities & Exchange Commission should make an inquiry regarding trading in our shares during this period to assure itself such rise was not due to manipulative practices. Neither Silver Buckle nor West Coast Engineering did any trading in Silver Buckle shares.

The second area of the Commissioner's interests appears to concern a disposition of Silver Buckle shares held by New Park Mining Company and East Utah Mining Company in September, 1962. In connection with an arrangement to

EX. 110A

Mr. Ben Harrison
 March 5, 1933
 Page 2

resolve a dispute between Silver Buckle and those companies, a group of individuals, including certain officers and directors of the Company, agreed to purchase stock of Buckle then held by New Park and East Utah. Some of these shares were subsequently sold by certain members of the group. The S. E. C. inquiry apparently has been directed to the question of whether the circumstances of these latter sales were such as to require registration under the Securities Act of 1933. The sellers, in making these sales, relied upon the advice of their counsel that registration was not required. We are advised, however, that the question of whether registration was required is close and technical.

In 1954 Silver Buckle sold 1,000,000 shares of its common stock under Regulation A. Since then the Company has neither issued nor sold any additional shares which were subject to registration.


The Company has been advised by its counsel that neither the Securities Act of 1933 nor the Securities Exchange Act of 1934 impose any restrictions upon trading in the presently outstanding shares of the Company except for certain restrictions with respect to controlling persons.

The inquiry described in the preceding paragraphs, relating as it does to transactions of stockholders, does not, in the opinion of our counsel, involve the operating activities or financing of the Company or its subsidiary.

The Company and its officers have cooperated fully with the Securities and Exchange Commission in their inquiry. If you desire any further information we would be pleased for you to contact us or our counsel, Mr. Alden Hull, Wallace, Idaho.

Very truly yours,

SILVER BUCKLE MINING COMPANY

By 
 F. E. Scott, President

February 12, 1964

Mr. Harry Magnuson
Scott Building
Wallace, Idaho

Dear Harry:

This letter is written to keep you and the other directors informed as to the progress and activities here at WCE.

We have directed our attorneys to notify Mr. Merblitz of the termination of the lease on the equipment with him as of this date. We have previously given him notice of our intention to do so. We will thereafter be free to enter into a new lease on the equipment. We are negotiating with a new group represented by John McPhelan in Downey. We have given him temporary rights to use the equipment, rent free, cancellable on a moment's notice, by wire or otherwise. You might be interested to know also that we have retained legal service in California to pursue our claim against Mr. Merblitz.

The preliminary papers have been drawn and forwarded to Vinnell's attorneys for them to look over in reference to our deal with Vinnell. They have changed the deal since I talked to them in California. They appear to be a little cautious. The first sum of money that will be loaned to us, if they go through with the present agreement, will be \$25,000.00, and \$25,000.00 more in 45 days, and thereafter \$25,000.00 every sixty days until they reach a sum of \$100,000.00. We have agreed to this, however, within the body of this instrument, they have agreed to us inserting a clause whereby we have a thirty day call notice, so that if we need money badly enough, we can call for the rest of the money on a thirty day notice, or can cancel them out on their convertible note program. I hope this appears favorable to you and the rest of the directors. We will issue these convertible notes on 6% interest on a two year basis from the time we receive the funds, and if WCE pays back the money in two years, or they exercise their convertible rights, the interest would be waived.

Harry, I called Guthrie day before yesterday to discuss the possibility of our changing our lease program with Covino. I did this after discussing this quite thoroughly with our legal staff, and they have advised me that we cannot make any outright changes in these leases with Guthrie's approval. I was pressing this matter because time was becoming of essence in reference to the Covino group reorganization and putting new capital into their venture. Guthrie is somewhat non-committal, and would not make a commitment at all until his attorney returns from Howell next week.

W. 2221

222 A
EXHIBIT NO. 144A

3-7-5

Mr. Harry Magnuson

-2-

February 12, 1954

It is my opinion that you and I should meet with Guthrie next week some time, and discuss the overall situation, and endeavor to resolve with them some kind of deal where we can reorganize these leases on some type of program. As you well know, these principals will not put capital into the operations unless they are in a position not to be foreclosed on for lack of lease rental payments. And as I pointed out in our previous communications, I think it necessary that we do this, because for eight months or more now, they have not paid any rent whatsoever, and their desire to try and work something out that will stem the ball rolling is admirable on their part. I believe that in most cases, if I were in the position of these lease operators, and thought I could get out from under these obligations, I personally would try and slide out from under them, because they have a big nut to crack in these high priced locations.

The program they have outlined that they are going to endeavor to put into effect is to put in some pool and pin balls, etc. I am quite hopeful that this will supplement their operations so they can make ends meet. It is my proposal that we endeavor to sell Guthrie on a program where we put them on a minimum percentage pay plan, and then we graduate it up to a point after they start making money, where we take down a large enough percentage, even though we would have to take a calculated risk that their volume will eventually increase to a point that we will get the money out of our equipment. If we do not do this, we stand a chance of having to remove the equipment from these buildings, which I think would cost us at least \$500.00 per lease to do so, and we have no place to go with it at the present time. So, I think it would behoove us to take a good look at this thing, and try to sell Guthrie on the program.

Again, I want to impress on you that legally, we have to have Guthrie's go-along on this, because we could not adjust the payments on these leases any more than we could adjust the payments on someone else's car finance plan, inasmuch as we do not own the leases any more. However, we are responsible for them in a monetary way.

We have completed the order for Japan, and it should be completely boxed and ready for shipment by rail. We will start shipping tomorrow, and expect to have the merchandise off at the dock by Friday. This will put us in compliance with our agreement with the Japanese people, and will turn the letter of credit into cash with our bank, which will help us greatly there. As soon as this is done, we will be in a position shortly to receive an order for 12 more leases, with a letter of credit for approximately \$22,000.00. We are also in communication with a party in Albuquerque, New Mexico in 12 leases of our floor model, and we have a possibility of selling 20 leases of the floor model here in Seattle at the Federal Way Shopping Center.

All in all, with things looking up with Vinnell and the mining situation looking better, and a few orders beginning to trickle in, we are in a little better shape now than we have been since I have been in with the company. I will keep you advised as to further progress.

Mr. Harry Magnuson

-3-

February 12, 1964

I am receiving a number of letters from stockholders requesting information and reports on 1963 operations. I think it is going to become necessary to put out some type of a report in the near future, because they want to know why our stock is so low. Some stockholders are threatening to complain to the S.E.C. on this matter. Please comment on this subject, because a report now would not be very flattering to WCE.

Best personal regards,

WEST COAST ENGINEERING, INC.

Glen W. Sherman

GWS:bjg

3695

Golconda Mining Corporation

SCOTT BUILDING
P. O. BOX 469
WALLACE, IDAHO
SKYLINE 2-1101

February 15, 1964

Mr. Glen Sherman, President
West Coast Engineering, Inc.
818 South Dakota Street
Seattle 8, Washington

Dear Glen:

I wish to acknowledge receipt of your letters of February 12, 1964, reporting the progress of WCE. I am sorry to have missed your telephone calls this week. I called back but was unable to make contact with you.

With respect to the Vindicator project, Dr. Scott and I have written Logus. Dr. Scott intends to meet with Logus this coming week and follow through on this. This, in our opinion, is the best way to handle this matter. We are doing everything possible to further the reorganization of Vindicator. I am pleased to note you have obtained Cary's legal advice to pursue our personal claim against Merbitz.

With respect to both the Downy and Covina installations, I would like to keep those leases in force and yet realize as much money as fast as we can for WCE. My only concern is we do not want to "trigger" a termination of these leases which would result in Guthrie's calling upon Golconda for say \$150,000. If you can get Guthrie's cooperation, then I am in full accord with terminating them and doing anything you deem best. I do not mean to infer Golconda is not prepared to meet its guarantee position. I think a premature large guarantee payment would have an adverse effect on WCE's interest.

In other words, if Golconda were forced to make a \$150,000 payment at this time, we would have to take down a large amount of Silver Buckle Mines, Inc. stock since there is no market value for it. I would prefer to keep the leases going and to proceed as fast as we can towards the public offering of 1,000,000 or 1,500,000 shares of Silver Buckle Mines, Inc. capital stock by WCE, pursuant to Regulation A, at about 20 or 25 cents per share. This would then set the price at which Golconda could take down Silver Buckle stock at some future date in the event it was called upon to meet its guarantee commitments. The more I think of the public offering of Silver Buckle stock, the more convinced I am that this is the proper course of action. I think you understand fully my thinking on this matter and am hopeful that you and Dick Cary are in agreement on the public offering and we can proceed towards that end.

222 B
EXHIBIT NO. 1697

Mr. Glen Sherman

-2-

February 15, 1964

With respect to the Vinnell agreement, I am happy that the papers have gone forth to them. While it would be more desirable to get all the money at this time, I think we can inform our creditors these payments are forthcoming and they will stand by. Also, if we proceed with the public offering of Silver Buckle Mines, Inc. capital stock, we should notify our creditors accordingly and I think this would be very agreeable with them.

With respect to Guthrie, I have the feeling you will find him very non-committal. I have written on several occasions and received no replies. I saw him last week and he was extremely friendly. I ran into him at the Davenport Hotel Coffee Shop. However, he is a "money dealer" and they are generally pretty cool when it involves their commodity. I think you should certainly keep Guthrie fully advised as to the current situation and as to your plans. I think you will find him very cooperative and it has always been my thought that we should keep him advised and fully informed.

I am pleased to note that the installations are installing pool and pinball machines. This might generate sufficient money to at least provide some return each month with regard to the rent. I fully agree if you can sell the lanes to the Japanese for around \$4250 per lane, that it might be advisable to take these lanes from Covina and Denver, providing the cost of removing them and shipping them does not exceed \$500 per lane. This would certainly be a good way of cleaning up our contingent liabilities in connection with Covina and Denver.

I fully agree with Mr. Cary we must get Guthrie's permission with respect to any revision of the lease. That is why I mentioned in my previous letter that any revision should probably be between WCE and the lessee with the understanding that WCE and/or Golconda would pick up the difference between the new revised rent and the rent per the original lease.

I am most pleased to note the shipment has been sent to the Japanese. I would like to see you obtain the order for the 12 additional lanes amounting to \$52,000 as soon as practical after making this initial shipment. This will enable us to liquidate a great deal of our inventory.

It is my thought that unless you can obtain the second order from the Japanese within a reasonable time that we should perhaps give further thought to our decision to terminate our archery manufacturing program and liquidate the equipment inventory and move to a low cost location. If this were done, our prime objective would be to complete the financing to enable us to pay off our creditors and salvage as much as possible for our stockholders. With the silver

Mr. Glen Sherman

-3-

February 15, 1964

market going as it is and with the forthcoming crisis in silver which will be largely triggered by the shortage of coins, I am more and more convinced we should proceed with the sale of Silver Buckle stock. I think we can raise enough finances this way over a period of the next several months that we should be in a position to pay off all our creditors and still leave approximately 7 to 8 million shares of Silver Buckle stock to distribute to our shareholders. This would give them back somewhere between 4 and 5 shares of Silver Buckle for each share of WCE. I think they would be all very happy to receive this.

If we can do this and stimulate the reorganization of Vindicator, Silver Buckle will then have 2 1/2 million shares of Vindicator which has a market value of in excess of \$1,000,000. I may be optimistic, but if this could be accomplished, Silver Buckle could be in as good shape as the old Silver Buckle company. The shareholders would be extremely happy and with the forthcoming activity in silver, I am sure that the shareholders of Silver Buckle and WCE would be well rewarded.

With kind regards, I am

Very truly yours,

GOLCONDA MINING COMPANY

By H. F. Magnuson
H. F. Magnuson

HFM:ed

cc: Richard Cary
Alden Hull
Jack D. Gay
Alexander Jama
Dr. F. E. Scott

**NOTICE OF SPECIAL MEETING
SHAREHOLDERS OF WEST COAST ENGINEERING, INC. TO BE HELD
MARCH 19, 1965**

TO THE SHAREHOLDERS OF WEST COAST ENGINEERING, INC.:

NOTICE IS HEREBY GIVEN that a Special Meeting of Shareholders of West Coast Engineering, Inc., a Washington Corporation, will be held at 10:00 A.M. (MST) on Friday, the 19th day of March, 1965 at the Elks Club, Wallace, Idaho, for the following purposes:

1. To adopt, by resolution, the Plan of Liquidation and Dissolution, a copy of which is enclosed herewith.
2. To consider and act upon all matters necessary or incidental to the foregoing proposal, and to transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on March 12, 1965 as the record date for the determination of shareholders entitled to notice of and to vote at said meeting or any adjournments thereof.

BY ORDER OF THE BOARD OF DIRECTORS

RICHARD S. CARY
SECRETARY

DATE: SEATTLE WASHINGTON
FEBRUARY 25, 1965

The favorable vote of the holders of two-thirds of the outstanding shares of the Corporation is required to authorize the liquidation and dissolution of the Corporation. Accordingly if you are unable to attend the meeting, please sign and date the accompanying proxy and mail it promptly in the enclosed envelope.

TO: Shareholders of WEST COAST ENGINEERING, INC.

3704

The last meeting of the shareholders of West Coast Engineering, Inc. was held on May 25, 1963. At that time a merger of the old Silver Buckle Mining Company and West Coast was authorized by the shareholders. One of the results of the merger was the formation of Silver Buckle Mines, Inc., a new company, to hold all the mining properties and mining assets, all the stock of which was owned by West Coast Engineering. This merger was accomplished to simplify and combine operations of the two companies and to facilitate new financing and banking arrangements for West Coast.

During the summer and early fall of 1963, floor model Archermatic equipment was developed, the first Trapomatic installation made and a new sales organization set up to handle the sales of Archermatics and Trapomatics. At the same time, working arrangements with national companies in the recreation field were being negotiated.

At the time it was believed that the commencement of the Fall indoor archery season would mark a turning point for the archery installations since Denver, Portland, Covina and Downey had never had a full league season in operation. In October and November, 1963, however, it became apparent that (1) the business in the existing archermatic installations was not picking up as it should have and (2) sufficient leagues were not being formed to provide a profitable picture for the operators. During the following six months, West Coast and the operators tried to increase the business in these installations. During this time many remedies were tried, including changes in management. Now, with the benefit of hindsight, it is apparent that these installations were operating with too high an overhead and were under-capitalized. These two handicaps could have been remedied and in many cases were, but the major reason for the failure and one for which there was no remedy was the lack of sufficient public acceptance of indoor archery. There simply were not enough customers who enjoyed the sport sufficiently over the long pull. The initial success these installations had was a result of a short-lived fad.

In the spring of 1964 it became apparent to West Coast, the various operators, the banks and financial houses and to West Coast's customers that archery as a recreational activity was not being accepted by the general public. The following resulted:

- (1) All of West Coast's long range financing programs did not materialize and efforts to obtain new financing were unsuccessful.
- (2) The Burien, Portland and Covina installations closed their doors.
- (3) The Denver, Downey and Redwood City installations did not make their lease payments to the finance company, and could close at any time.
- (4) West Coast's backlog of orders was cancelled.
- (5) West Coast's large inventory of parts and completed and partially completed Archermatics became virtually valueless except as scrap metal, subject to a chattel mortgage.
- (6) West Coast's investments in patents, developmental costs and prototypes and other various promotional sales expenses became virtually valueless.
- (7) West Coast's accounts and contracts receivable from the operators have little if any value since the operators were insolvent.
- (8) The financial houses to which West Coast had sold the equipment leases under recourse

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agreements called on West Coast for about \$750,000 when the existing installations became delinquent in their rental payments.

- (9) During this period West Coast borrowed \$55,000 from officers and directors, \$115,000 from its bank, and about \$180,000 was owed to general creditors. Obligations to finance companies exceeded \$1,000,000.
- (10) A creditor filed a petition for the appointment of a receiver. (This suit was subsequently abated).

These debts totalled in excess of \$1,300,000 which had to be balanced against assets composed of an inventory of completed and partially completed Archermatics (for which there were no orders and no market) and accounts receivable from six existing installations in Burien, Denver, Portland, Cavina, Downey and Redwood City, which past experience indicated could not be operated at a profit over the long pull. The remaining assets were the Idaho mining properties which were mortgaged to secure the debts and guarantys of West Coast. It appeared for a long time that West Coast's only alternative would be bankruptcy or receivership because the company was not able to meet its debts as they matured. If this had occurred, the entire company would have had to be liquidated for creditors, including the mining assets, and the shareholders would have been unable to salvage anything.

To avoid bankruptcy, it was apparent that a major reorganization had to be undertaken. To implement this, all employees were laid off, the plant shut down and arrangements were made to phase out of the archery business as rapidly as possible.

In the meantime, the picture in the silver mining industry has changed drastically. The mining properties which are held by the new subsidiary company, Silver Buckle Mines, Inc., are now attracting a great deal of interest because of the increased world demand for silver. The company, therefore, believes that it is in the best interests of the shareholders to liquidate the archery venture, West Coast Engineering, Inc., and to take steps looking toward the development of the mining properties.

To this end, the officers and directors of West Coast have been working (without compensation) for more than a year to develop a plan of reorganization. The company has hired legal specialists in this field. As a result, we are pleased to report progress towards a successful reorganization out of court.

Certain stockholders have advanced their own cash for expenses and to pay general creditors on settlements ranging from 20% to approximately 33-1/3% of claims. Reimbursement will be in the form of Silver Buckle common stock at 15¢ per share for each dollar actually advanced. The three large unsecured creditors (\$75,000 - \$250,000), have been paid in full with Silver Buckle common stock at the rate of 20¢ per share. One secured claim of \$332,500 has been renegotiated so that the stock of Silver Buckle and the contract with Vindicator Silver Lead Mines, Inc., are now freed of encumbrances and the existing mortgage on Silver Buckle mining claims has been transferred to secure that creditor and the stockholders who have given personal guarantees to the secured creditor. That creditor and those guarantors have been given the right to convert the debt to Silver Buckle stock during the next three years at conversion rates ranging from 10 - 15 cents per share. Accordingly, 3,350,000 shares of Silver Buckle stock are held in escrow in the event of conversion.

approximately five million shares of the stock of Silver Buckle Mines, Inc. will be available to be distributed to the shareholders of West Coast on a liquidating basis. The directors believe that if the reorganization is consummated as contemplated, about 1.2 shares to 3 shares of Buckle will be distributed for each share of West Coast. There are currently seven million unregistered shares, authorized and issued, of West Coast. These shares cannot be resold except under restrictive conditions.

The notice of the meeting which is included herewith, sets forth the necessary steps to accomplish this reorganization and we unreservedly and strongly recommend this plan for adoption by the shareholders of West Coast.

If you do not plan to attend the stockholders meeting in person, please sign, date and return the enclosed proxy, NOW. This is crucial, since a favorable vote of two-thirds of the shareholders must be obtained in order to carry out the plan.

Silver Buckle Mines, Inc. owns many mining claims and mineral interests in Shoshone County, Idaho, including claims and interests in the Placer Center Mining District and the Hunter Mining District. These are 90 unpatented lode mining claims, mineral rights in property known as the "Brass Hamestead," mineral leases from the Northern Pacific Railroad and the State of Idaho, and a 50 per cent interest of the are found under an operating and management agreement with Vindicator Silver Lead Mining Company. An existing map showing Silver Buckle's holdings appears herein. While there is no assurance that the mining properties can be developed profitably, the development and discoveries in the area and the extent and location of Silver Buckle's claims and interests warrant further development.

The directors have been negotiating with several major companies and believe an exploration and development program for the mining properties can be worked out providing West Coast can put its financial house in order. The successful reorganization, payment of certain large creditors with common stock, liquidation of West Coast and distribution of the remaining Silver Buckle stock to the shareholders would accomplish this.

YOUR vote is essential for our successful reorganization.

WEST COAST ENGINEERING, INC.

BY DR. F. E. SCOTT
PRESIDENT

PLAN OF LIQUIDATION AND DISSOLUTION
OF
WEST COAST ENGINEERING, INC.

The plan of liquidation and dissolution of West Coast Engineering, Inc., a Washington Corporation, to be adopted by the shareholders of said corporation, shall contain the following provisions:

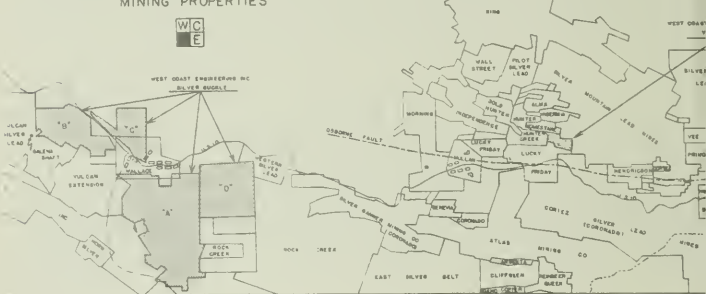
1. The plan shall be carried out pursuant to the provisions of Section 337 of the Internal Revenue Code of 1954 and shall be completed within one year from the date of the adop-

3707

tion of the plan.

2. The affairs of the corporation shall be wound up out of court and the shareholders do hereby appoint Gerard E. Schumm of the law firm of Miracle, Treadwell and Pruzan Seattle, Washington, as Trustee to conduct the winding up, all as provided in RCW Section 23.01.530.
3. The Trustee shall provide for the payment of debts of the corporation, by cash or by the issuance of common stock of Silver Buckle Mines, Inc., to certain creditors at a price per share of not less than 10¢ nor more than 20¢ per share. The Trustee is authorized to retain sufficient assets to provide for the payment of debts not liquidated in this manner or, in the alternative, the Trustee may accept the guarantee of certain shareholders of the corporation to provide for the payment of such debts.
4. The Trustee shall transfer all of the remaining assets of the corporation not used for the liquidation of indebtedness in the above manner, to Silver Buckle Mines, Inc.
5. After provision has been made for the payment of the debts of the corporation, the Trustee shall distribute the remaining shares of stock of Silver Buckle Mines, Inc. pro rata to the shareholders of West Coast Engineering, Inc. In making such distribution to West Coast shareholders, the Trustee shall distribute only whole shares. Fractional shares shall be rounded to the next lower whole number of shares. Silver Buckle Mines, Inc. shall thereby become the surviving company and shall operate as a mining company.
6. The Trustee shall thereafter proceed to wind up the affairs of the West Coast Engineering Inc., as provided in RCW Section 23.101.630.

COEUR D'ALENE MINING DISTRICT
 SHOESHOWNE COUNTY, IDAHO
 WEST COAST ENGINEERING SILVER BUCKLE
 MINING PROPERTIES



COMPILED FROM AVAILABLE MAPS SOURCES BELIEVED AUTHENTIC

ADDENDUM CONCERNING REORGANIZATION

It was thought that some stockholders would like to have, in advance of the meeting, more details of the reorganization.

When the action for the appointment of a receiver was commenced the company hired attorneys who specialize in corporate reorganization. They have directed the program of events which have culminated in settlements with creditors, reorganization of WCE by proposed dissolution, and the release of Silver Buckle stock for distribution to shareholders.

In order to accomplish the program outside cash was needed to settle claims and to pay administrative expenses. An estimated \$150,000 was needed initially, and a group of shareholders composed of H.F. Magnuson, F.E. Scott, and Nolan and Robert Brown, responded and met the cash requirements. Most of the claims of trade creditors were purchased through these shareholders for the benefit of the company at prices ranging from 20¢ to approximately 33 1/3¢ on the dollar. These were settled on an individual basis after independent negotiation, with the major settling for 20¢ on the dollar.

The Board of Directors of WCE met in November, 1964, and voted that shareholders who had made previous loans to the company would be reimbursed with Silver Buckle Stock at the rate of 20¢ per share, if and when the stock was available for distribution. The new money advanced for creditor settlements and expenses of administration would be reimbursed with Silver Buckle stock at 15¢ per share.

After settlement had been made with nearly all trade creditors there remained the problem of obtaining the release of the shares of Silver Buckle stock from pledge to Golconda Mining Corporation. In 1963 that corporation for stock options, guaranteed a portion of WCE's debt to Guthrie Investments, Inc., to the extent of \$420,000. As security for the guaranty, Golconda received a pledge of all of the issued stock of Silver Buckle Mines, Inc., along with assignments and mortgages on the various mining contracts and interests owned by Silver Buckle. At the time of reorganization Guthrie Investments, Inc. was secured in the amount of \$332,560.00. The unsecured portion of the debt, representing about \$200,000 net, was settled by issuing Guthrie Silver Buckle stock at 20¢ per share. To effect the release of the pledge of Silver Buckle stock negotiations with Guthrie led to the release of Golconda on its guaranty and the substitution of individual guarantors of H.F. Magnuson for \$100,000, Dr. F.E. Scott, \$22,125.00, Glen W. Sherman for \$22,065.00 and the Brown Brothers Realty Corporation for \$22,060.00; these totaling \$166,250.00 or one third of the debt to Guthrie.

Mortgages on the Silver Buckle mining claims have been assigned and given to Guthrie and the guarantors as security. The advantages to shareholders are: Guthrie did not call on Golconda to pay the guarantee, which meant that Golconda did not foreclose on its security; the Silver Buckle stock was released from pledge and is available for distribution to WCE shareholders; the Silver Buckle-Vindicator contract has been released from assignment; the debt is now extended for three years.

Under this agreement Guthrie Investments, Inc. and the guarantors have the option over three years of receiving Silver Buckle stock in lieu of payments at prices ranging from 10¢ to 15¢ per share, depending on when the option is exercised. The options are given in proportion to the amount of the debt that is guaranteed; each individual having an option up to the amount he has guaranteed.

A maximum of 3,350,000 shares of stock is being held in escrow should all these options be exercised. If all the options are exercised the debt will be discharged and the mortgages satisfied.

All parties who have received Silver Buckle stock, either in satisfaction of creditor claim or as stockholders being reimbursed for monies advanced, have agreed to take the stock for investment and with no present intention of resale. Under agreement with Guthrie, Silver Buckle Mines, Inc. is obligated to undertake a full registration of stock if Guthrie should make a demand on the company to do so. If a registration is completed a portion of or all of the stock held by such creditors and stockholders could be offered for sale as part of such public offering.

There are twelve million shares of Silver Buckle Mines, Inc. stock. Approximately 5 million to 5 1/2 million shares should be available for distribution, and the company expects to distribute 2 1/2 to 3 shares of Silver Buckle stock for each share of WCE stock. The remaining 6 1/2 million to 7 million shares of stock are needed for settlement with creditors, reimbursement of shareholders, and expenses of administration. This is broken down as follows: Lease Equipment, Inc. 375,000 shares (in settlement of unsecured debt of \$75,000.00); The Bank of California, N.A. 622,781 shares pledged (in settlement of unsecured debt of \$124,556.00 — — Glen W. Sherman has option to redeem up to 100,000 shares within one year); Guthrie Investments, Inc., 1 million shares (in settlement of unsecured debt of \$200,000 net); 3,350,000 shares are held in escrow to cover the options granted to Guthrie and Guarantors relating to the secured portion of the debt to Guthrie Investments, Inc.; 25,000 shares to H.F. Magnuson for a previous loan of \$5,000.00; 100,000 shares to Dr. F.E. Scott for a previous loan of \$20,000.00; and approximately 1 million to 1 1/2 million shares will be needed for reimbursement to shareholders at 15¢ and 20¢ per share for the actual money advanced for settlement with trade creditors and for expenses of administration, legal and accounting fees, printing, mailing and operating expenses. A majority of this stock will go to H.F. Magnuson, as he has advanced the great majority of funds needed to perfect the reorganization.

The information contained herein is provided so that you may better understand the reorganization and its benefits to shareholders. Your vote in person or by proxy is needed to complete the reorganization.

The Management

10/4/62 2

PENNALUNA SPOKANE GA FLS
 MAY 2
 MAY CO NYC HELLO BEL WHAT GOOD GA FLS
 ALL BASEBALL OUT HERE NO MKT INTEREST -
 THIS SILVER BUCKLE WILL BE THE BIG ONE OUT HERE AND ALL OVER COUNTRY
 SOON- PODESTA OUTFIT IN SEATTLE TRYING MAKE DEAL NOW-
 THEY HANDLED THE BRUNSWICK AM. MACHINE & FDRY DEAL - MODESTA FORDA
 - ITS 23-25 AND WILL BE 55 ONE THESE DAYS SO DONT GET CAUGHT ON IT
 - DIG CREEK 48-52 SW CON 34-37 CLAYTON 26-27 HANCY LEF 80-90
 CONJ 100-110 ATLA 935-40 CALEDONIA 52-62 FED 32-33 LFX 16-17 KEY 4-5 SIL
 BOWL 9-11 SIL DOL 47-51 SIL RIDGE 5-6 SIL SYD 33-35 GOLCO DA 195-200 GW
 12-13 METALIE 12-13 PRINCETON 8-9 THATS IT GA OR END
 HUNTER CREEK LINCOLN MINING SILVER CHIEFTIAN 1 GA
 HUNT CREEK 122-15 LI. COL. 37-41 SILVER CHIEFTIAN 33-43 GA
 OFFER U 1000 SILVER CHIEFTIAN AT .032 GA
 YOU SOLD 1000 TO CLEEK TIMDELL AT .032
 DO U THINK WE SHOULD GO LONG OF SILVER BUCKLE IF IT
 COMES IN HERE GA
 ILL GUARANTEE IT--- DONT WANT MKT UP RIGHT NOW CERTAIN DEAL BEING
 SIGNED BETWEEN CO & STEPH ETC BUT IT WILL TAKE OFF - ITS TERRIFIC
 DEAL 55 EMPLOYEES IN SEATTLE AND ORDERS COMING IN FOR THAT ARCHER Y STUFF
 FROM ALL OVER WORLD- THEY CHANGING NAME TO SIL BUCKLE CORP ITS A TREND
 DOUS DEAL SO DONT GET CAUGHT ON IT GA OR END
 BIBI O
 PENNALUNA-SPOKANE GA FLS

378
10/10/62

PENNALUNA- SPOKANE GA PLS
 THIS IS WALSTON & CO SEATTLE CLG
 MR. LUDWIG WOULD LIKE TO KNOW IF AXXX OTTAWA SILVER IS CURRENTLY
 NEW OR OLD STK.. ALSO NEED A FEW QTES
 COLCONDA MINING
 SILVER BUCKLE GA PLSE
 OK- TELL GENE LUDWIG HELLO AND HOPE EVERYTHING GOING GOOD FOR HIM-
 - TELL HIM THIS SILVER BUCKLE NOW 29-31 CENTS I' GOING TO DO BETTER
 AND- SEE SOME VERY GOOD INSIDE BUYING ON IT- AS I RECALL HE
 HAS AN INTEREST IN IT -- COLCONDA 1.95-2.00
 -- OTTAWA SILVER LIMITED "NEW" IS CANADA CORP AND
 SUPPOSED TO BE CALLED FOR TRADING IN VANCOUVER B C SCOP- ITS QUOTED
 31-35 CENTS AND OTTAWA OLD- WASH CORP WHICH GOES INTO "NEW" ON ONE
 FOR THREE P BOIL DOWN IS QUOTED 102-12 CENTS - THATS IT AND A X GA OR E

THANK U AND DYE O
 PENNALUNA SPOKANE GA PLS
 THIS IS WALSTON SEATTLE CLG
 I HAVE A WORXXX ANOTHER MSG FROM LUD READIN.....
 HAVE POXXX PEOPLE LONG OLD OTTAWA. IS THE ONE FOR THREE ABSOLUTE
 OR CAN WE HOLD OLD STOCK. WHAT WOULD YOU DO.
 ALSO PLSE QTE
 ISLAND FINANCE CO OF SPOKANE GA PLSE
 ISLAND FINANCE - CO WONT QUOTE AND WILL GIVE NO ANSWER
 - I SUGGEST RETAIN OLD OTTAWA AND JUST KEEP IT -.YOU CAN
 ALWAYS CONVERT IT 1 FOR 3 BUT NOT DO IT AGAIN SO SIT
 TITE AS IS -- REGARDS GA OR END
 OK THANK U MUCH AND DYE
 PENNALUNA - SPOKANE GA ILS

10-10-62

2865

PENNALUNA - 1

10/19/62 3
 ... HELLO ... WHAT IS DOING GA PL
 ... WANCY SEEMS FIRM YET 90-95
 ... GOLCONDA 1.95-200 ... SUNSHINE EASIER IN NY
 SILVER BUCKLE 25-27 - I TALKED TO ONE OF EM FROM WALLACE
 ... SAID YOU SHOULD BE ENTITLED TO \$2000 COMM. ON ONE THOSE THO
 ... PRESIDENT IS OUT OF TOWN BUT I GAVE
 ... ADDRESS AND PHONE OR SOMETHING ELSE

GA
 HOW IS UNITED GOLD GA
 ... BY CLEEK HERE 12-15
 ... MAKING SILVER BUCKLE EASIER GA
 ... LOW QUOTE ON IT TO JUSTIFY THEIR SALE
 ... ACCOMODATING THEM- WONT LAST LONG
 ... DAYS IS ALL GA

THAT IS VERY GOOD BE. CAN I GET ANY LITERATURE
 FOR THE PEOPLE THAT ARE INTERESTING IN INSTALLING ALLEYS
 GA

WELL I IMAGINE YOU CAN - THEY SHLD BE CALLING YOU NEXT WEEK
 I GAVE EM YOUR NAME THEY GOT \$3 MILLION WORTH OF ADVANCE ORDERS
 ... HANDLES ALL THE PAPER - ONLY TRBLF IF NOBODY KNOWS
 ... WEST COAST- BUT THEY WILL - ILL TELL DR F E
 ... PRESIDENT OR JACK GAY- CARE OF GOLDEN ARROW ARCHERY
 ... SEATTLE TO SEND YOU SOME- I SUGGEST YOU WRITE GAY FROM THERE
 ... WALLACE GA
 ... WILL DO THAT GA
 ... THAT WANCY LEE

2880

PENNALUNA - SPOKANE GA PLS

J MAY CO NYC HELLO BEN CTF NO 5540 300 CALFDONIA NAME OF
 SAMUEL L SHANDBERG ANY GOOD GIVE ME SOME CTS PLS GA

RE SILVER BUCKLE H G EDWARD PARKS HERE- IS BULLISH ON SIL BUCKLE
 WILL BE BUYING EVERY SHARE THERE IS MONDAY- TOOK PLANE OUT HERF LAST
 NIGHT- GUESS HE TALKED TO PRESIDENT IN WALLACE- HAS FILM OF ADWUFOR
 ARCHERY SITE AND WILL BE DIDDING 30 I SOLD HIM 10M AT 282 AND
 MKT IS 29-31 HERE 10M EITHER WAY NO OTHER CHANGES GOL180-190
 GRANDVIEW 11-12 THATS ABT IT BIG CREEK 46-50 SUNSHINE
 STRIKE MAY SOON BE SETTLED

WHERE IS PARKS FROM GI
 HUNTER SEC 52 BROADWAY- G EDWARD PARKS HE HEADS UP URAN MINES
 IS HE OUT THERE GA

HE GOT HERE WED AM SPENT WED & THURSDAY IN WALLACE AT LUCKY
 FRIDAY AND URANIUM MINES WHICH HE HEADS UP AND IS HOTTER THEN DEVIL
 ON SIL BUCKLE I SUGGEST YOU CALL HIM THERE THIS PM- THAT SIL BUCKLE
 HEADED FOR \$1 GA

HOW IS PRINCETON GA
 THE CALEDONIA CERT IS NO GOOD SOLD OUT
 PRINCETON 12-12 CETS

OK BEN TALK TO U LATER GA OR END
 END

10-26

PERMALUNA- SPOK GA 3280
 THIS IS J MAY AND CO NY - WHATS DOING OUT THERE GA
 I DONT KNOW- UNDEFSTAND THAT EX NEW PARK PRESIDENT BACK THERE SOLD
 25M BUCKLE VIA HOGLE ET AL WAS REASON NOTHING ELSE HERE
 MARKET GOOD NY- SIL BUCKLE CLSD 75- 85-95 I BOT 5000 HOGLE AT 70
 AND IT WILL TAKE CARE ITSELF ALSO SOLD STOCK AT 85 NO INT IN TRADING
 AT MIN I WANT BLOCKS AT 72 THO
 OK I HAVE STOCK TO GO AT 90 TALK
 TO U MONDAY GA
 OK- MAGNUSON TOLD ME WAS SOME REAL GOOD NEWS COMING- DONT KNOW
 WHAT IS BUT CAN STAND IT- OK TNX GA OR END
 ARE THEY WEST COAST PEOPLE SHOWING A PROFIT EACH MONTH GA
 YES AND GETTING BETTER EVERY DAY- EVEFYTIME THEY OPEN UP ONE THOSE
 DEALS ITS LIKE MAKING A NEW RICH STRIKE IN A MINE
 WHEN WILL THEY BE SENDING OUT SOME NEWS GA
 COMPELLING STATEMENT NOW-
 SHLD BE END OF FEB GA
 THA XING THAT WILL BE GOOD BI BI
 OK SPANMER IS ONE THAT SOLD THE 25M OK BYE
 IS HE THROUGH SELLING NOW GA
 THATS ALL STOCK HE HAD
 GOOD GA OR BI BI
 ENDC

3280

SILVER STAR MINING CO.
 TRANSACTIONS IN PERIOD 5/1/62 TO 12/4/62
 VOLUME FOR ENTIRE PERIOD: 2,512,462 SHARES

Broker	Location	Position Ac Beginning Lien/S:Short	Bought			Sold		
			As Agent	As Principal	Total Bought	As Agent	As Principal	Total Sold
Permaluna & Co.	Wallace, Idaho	2700L		532,600	532,600		562,205	562,205
G. Everett Farr & Co.	N.Y.C.	-0-		97,200	97,200		98,950	98,950
J. May & Co.	N.Y.C.	-0-	5,000	141,450	146,450	2,500	135,950	138,450
Standard Secu- rities	Spokane, Wash.	398SL	15,700	22,913	38,613	56,100	18,550	76,650
L. E. Nicholls & Co.	Spokane, Wash.	4000L	5,000	41,000	46,000	16,000	44,000	62,000
L. E. Nelson & Co.	Spokane, Wash.	4000L	1,000	109,600	110,600	7,000	114,700	116,700
Chap-Tindell	Spokane, Wash.	2619L		74,155	74,155		78,074	78,074
J. S. Hagle & Co.		10000L	66,720	38,000	104,720	141,450	41,100	132,450
J. L. Smithson	Jersey City, N.J.	5300L		10,300	10,300		19,600	19,600
J. L. Smithson	N.Y.C.	-0-		16,000	16,700		50,500	50,500
J. L. Smithson	N.Y.C.	-0-	100	6,000	6,100	500	5,000	5,000

Broker	Location	Position At Beginning L: Long/S: Short	As Bought		Total Bought	As Sold		Total Sold
			Agent	Principal		Agent	Principal	
Harris Upham		-0-	68,300		68,300	16,000		16,000
Croner Brokerage	Salt Lake City Utah	-0-	7,200	48,000	55,200	73,400	46,800	120,200
Wallace Brokerage	Wallace, Idaho	21500L		69,500	69,500		130,850	130,850
D. A. Davidson & Co.	Great Falls, Montana	-0-	5,000	30,150	35,150		28,750	28,750
Ingalls & Snyder	N.Y.C.	-0-			0	107,000		107,000
Dean Witter		-0-	37,950		37,950	7,600		7,600
Merrill Lynch P.F. & S.		-0-	58,200		58,200	9,900		9,900
Geo. D. Bonbright & Co.	Rochester, N.Y.	-0-	26,800		26,800	700		700
F. D. Ford	Spokane, Wash.	-0-	18,466	1,000	19,466			0
Brukenfeld & Co.	N.Y.C.	-0-			0	43,300		43,300
C. H. Hunter Sec.	Coeur d'Alene, Ida.	3000L		14,839	14,839	8,000	13,000	21,000
Cuss & Stead Co.	Salt Lake City Utah	-0-		2,000	2,000	2,000	13,000	15,000
W. J. ... Co.	Seattle, Wash.	-0-	9,700	1,000	10,700	12,500	1,000	13,500

Broker	Location	Position At Beginning L:Long/S:Short	Bought		Total		Sold		Total	
			As Agent	As Principal	As Agent	As Principal	As Agent	As Principal	As Agent	As Principal
Amiston & Co.		-0-	19,000		19,000			4,500		4,500
Richards, Merrill & Peterson	Spokane, Wash.	-0-		4,100	4,100				4,100	4,100
Greenshields & Co.	N.Y.C.	-0-			0			14,000		14,000
J. K. Rice Jr. & Co.	N.Y.C.	-0-	3,000	7,400	10,400				7,800	7,800
May & Co. Inc.	Portland, Ore.	-0-	9,000	1,000	10,000					0
Eckha & Co.		-0-	10,400		10,400			2,000		2,000
H. Hentz & Co.		-0-	7,500		7,500					0
Eastman Dillon, Union Sec.		-0-	9,000		9,000					0
Total 32 brokers					1,651,943					2,041,979
60 other brokers (less active)					861,519					470,493
92 brokers										
Total to agree with schedule Form 10 - Daily Transactions					2,512,462					2,512,462

Where a director and controlling person of issuer of securities sold such securities without disclosure of adverse financial condition of issuer inconsistent with favorable image of issuer known to and fostered by him, held, sales violated anti-fraud provisions of securities acts.

PEARANCES:

Thomas W. Rae, and James E. Newton, Lane B. Emory and John N. Egan, of the Seattle Regional Office of the Commission, for the Division of Trading and Markets.

James C. Sargent, of Lowenstein, Pitcher, Hotchkiss & Parr, for Pennaluna & Company, Inc.

Horton Herman, of Paine, Lowe, Coffin, Herman & O'Kelly, for Benjamin A. Harrison.

Woolvin Patten, of LeSourd & Patten, for Harry F. Magnuson.

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These were private proceedings pursuant to Sections 15(b) and 19(a)(3) of the Securities Exchange Act of 1934 ("Exchange Act") to determine whether we should take remedial action with respect to Pennaluna & Company, Inc. ("registrant"), Benjamin A. Harrison and Harry F. Magnuson. Solely for the purpose of these proceedings and any other administrative proceedings under Sections 15(b), 15A and 19(a)(3) of the Exchange Act and Section 203 of the Investment Advisers Act of 1940, respondents entered into a stipulation of facts with our Division of Trading and Markets ("Division") and waived a hearing. Briefs were filed and we heard oral argument. Our findings are based on an independent review of the record.

Registrant registered as a broker and dealer in November 1963 as successor to the partnership of Pennaluna & Company ("Pennaluna") which had become registered in 1954. Harrison and Magnuson were the sole partners of Pennaluna after 1961 with interests of 62½% and 37½%, respectively, and became registrant's sole stockholders, with the same proportionate interests, and its principal officers. Harrison, a member of the Spokane Stock Exchange, operated the firm's Spokane office and was in charge of the trading activities of the firm. Magnuson was responsible for the supervision of the firm's two offices in Idaho and for the maintenance of its records.

The principal allegations in the order for proceedings are that during the period between May 1962 and April 1964 respondents and Pennaluna willfully violated the registration and anti-fraud provisions of the Securities Act of 1933 ("Securities Act") and the anti-fraud provisions of the Exchange Act in connection with the sale of common stock of Silver Buckle Mining Company ("Silver Buckle") and West Coast Engineering, Inc. ("West Coast"). Silver Buckle had been incorporated in 1947 by Dr. Frank E. Scott and others, and prior to November 1961 had engaged in various mining ventures. In that month it began an ill-fated association with West Coast, which was engaged in the manufacture and distribution of equipment for automated archery lanes. As of May 1962, Silver Buckle had obtained control of West Coast through the acquisition of newly issued shares in exchange for about 2,000,000 shares of Silver Buckle stock and cash, and in June 1963 Silver Buckle was merged into West Coast.

Violations of Registration Provisions

The Division urges that Pennaluna, Magnuson and Harrison willfully violated Section 5 of the Securities Act in connection with the distribution through Pennaluna of two blocks of Silver Buckle stock and certain West Coast shares, and that Magnuson committed additional violations of that Section in sales of such securities to others than Pennaluna.

The first block of Silver Buckle stock in question consisted of part of a block that had been held by Oil Incorporated ("Oil, Inc."). As of early May 1962 and prior to its exchange of stock with West Coast, Silver Buckle had approximately 7.4 million shares outstanding, of which a total of about 1.8 million were owned by Oil, Inc., New Park Mining Company ("New Park") and East Utah Mining Company ("East Utah"), in approximately equal proportions. A total of about 1 million additional shares was owned by Scott, president and a director of Silver Buckle, another director of Silver Buckle, and Jack D. Gay, an associate of Scott, who was executive vice-president and a director of West Coast.

During early 1962, W. H. Cranmer, the controlling person of the above three companies, was in the process of turning over the management of Oil, Inc. to his son, and was ousted from the management of New Park and East Utah by Charles A. Steen. Scott was desirous of preventing Steen from acquiring control of Oil, Inc. and the 600,555 shares of Silver Buckle stock which it owned, and in May 1962 he arranged with Cranmer's son, then president of Oil, Inc., to sell those shares to Scott at 10¢ per share. Scott did not have the funds to acquire all the shares, and he induced Magnuson to acquire part. Magnuson and accounts for his children of which he was custodian bought 172,000 shares Pennaluna 90,555 shares, and Scott 14,000 shares, and Magnuson and Scott placed the remaining shares with various other persons. Pennaluna resold its 90,555 shares to retail customers and other broker-dealers within two months. Magnuson resold his 172,000 shares to persons and dealers other than Pennaluna over a period of about one year.

The second block of Silver Buckle stock under consideration consisted of part of a block that had been held by New Park and East Utah. In August 1962, Steen informed Scott that he was going to have him removed as president of Silver Buckle, and a suit against Silver Buckle was brought by New Park and East Utah because they had been denied access to Silver Buckle's records. Thereafter, Steen caused New Park and East Utah to start selling their holdings of Silver Buckle stock. Scott was concerned that such sales would depress the price of the stock, and, with the assistance of Magnuson, reached an agreement with Steen on September 29, 1962, for the transfer of that stock. Pursuant to such agreement, New Park and East Utah transferred to Silver Buckle 367,111 of its shares and undertook to sell Magnuson their remaining 800,000 shares at 20¢ per share. Scott agreed to take 300,000 of such shares and Pennaluna 200,000. Magnuson acquired 300,000 of the shares for himself; Pennaluna paid for 100,000 shares in October 1962 and resold them to retail customers and other dealers during the following

two months and took down its second 100,000 shares in November 1962 and January 1963; and Scott eventually acquired for himself and others 220,000 of the shares. 1/

In January 1963 members of our staff discussed with Magnuson whether the Silver Buckle stock acquired by him and Pennaluna from New Park and East Utah was control stock which could not be sold without registration under the Securities Act. Pennaluna thereupon earmarked the second 100,000 shares and charged the payment it had made for them to the drawing accounts of Harrison and Magnuson, in proportion to their interests in the firm. However, in a series of transactions from May 2 through June 18, 1963, Pennaluna, without contacting our staff, repurchased these shares from Harrison and Magnuson, through the account of Jerry T. O'Brien, a cousin of Harrison, at prices ranging from 55¢ to 61¢ per share and resold them to retail customers and other dealers (the "O'Brien transactions"). Moreover, between May 1962 and June 1963 Magnuson for his own account and as custodian for his children sold about 238,500 shares of Silver Buckle to broker-dealers other than Pennaluna. At least some of these shares were resold to public investors.

Beginning in late 1962, Magnuson became deeply involved in the affairs of West Coast, directly and through Golconda Mining Corporation ("Golconda") of which he was a controlling person. West Coast, which for some time had represented by far the most important asset of Silver Buckle, became increasingly dependent on Magnuson's guidance and help as its financial problems became more acute. Pursuant to Magnuson's initiative in November 1962, Golconda guaranteed, up to \$420,000, West Coast's recourse obligations on its sale in January 1963 of certain archery equipment leased to archery ranges. For such assistance Golconda received options to purchase West Coast stock and as security West Coast pledged its approximately 2 million shares of Silver Buckle stock and Silver Buckle gave Golconda a first lien on its mining properties and pledged its mining securities. Magnuson and Golconda also made several loans to West Coast and purchased West Coast stock, and Magnuson played an active role in West Coast's efforts to obtain additional funds. In the spring of 1963, he participated in effecting a merger of Silver Buckle into West Coast and the organization of a new corporation which took over Silver Buckle assets and pledged all of its stock to Golconda in place of the Silver Buckle stock. Magnuson became a director of West Coast in May 1963 and thereafter of the merged company, and was instrumental in having two others elected as directors and in having one of them elected president. The West Coast shares claimed to have been sold in violation of Section 5 were part of a block of 43,750 shares 2/

1/ Of the balance of the 800,000 shares, 70,000 were later purchased by Magnuson and his mother and 10,000 by his attorney.

2/ The number of shares reflects the subsequent conversion, in connection with the merger of Silver Buckle into West Coast, of each share of West Coast \$2 par value stock into 2½ shares of no par stock.

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purchased in December 1962 from the issuer by Magnuson individually and as custodian for his children. In September 1963, he sold 5,250 of those shares to Pennaluna, which resold 750 shares.

No registration statement with respect to Silver Buckle or West Coast stock had been filed or was in effect during the period under consideration. The Division contends that Pennaluna acquired the stock in question from Magnuson; that Magnuson was a member of the group in control of Silver Buckle and later West Coast; and that Pennaluna was therefore an underwriter and its sales of those shares were not exempt, as respondents claim, from the registration provisions of the Securities Act by virtue of Section 4(1) of that Act. 3/ It directs particular attention to what it characterizes as "bail-outs" by Harrison and Magnuson in their sales of Silver Buckle stock through the O'Brien account. The Division further urges that even were Pennaluna's purchase of the 90,555 shares in May 1962 to be viewed as having been made directly from Oil, Inc., that company was a member of Silver Buckle's control group at the time and Pennaluna was therefore an underwriter.

Respondents argue that Pennaluna did not purchase the Silver Buckle shares from Magnuson, but from Oil, Inc., New Park and East Utah; that, in either event, neither those companies nor Magnuson were in control of Silver Buckle; and that Pennaluna's resales of those shares were therefore exempt under Section 4(1) of the Securities Act. As to the O'Brien transactions, respondents assert that Magnuson's counsel had advised him that New Park and East Utah were not controlling persons, and that the sales effected through O'Brien were made for tax purposes without any effort at concealment. Respondents contend that Pennaluna's sale of the 750 shares of West Coast was exempt since those shares had been held by Magnuson for some eight months following their purchase from the issuer in December 1962.

It appears that throughout the period when Silver Buckle's stock was being distributed, as described above, Magnuson and Scott were in effective control of Silver Buckle and by various arrangements and with the assistance of Harrison and the younger Cranmer were able to arrange for the acquisition of large blocks of Silver Buckle stock by friendly hands or for its disposition to new owners who would not pose the threat to the market indicated by Steen. Magnuson as a member of a control group in Silver Buckle, if not himself actually in control, caused accounts over which he had discretionary authority or otherwise controlled and the facilities of Pennaluna to be employed to buy and resell to the public large amounts of Silver Buckle stock. Pennaluna thus sold for or on behalf of a controlling person of the issuer or, in the case

3/ Section 4(1) of the Securities Act exempts from the provisions of Section 5 transactions by any person other than an issuer, underwriter or dealer, and Section 4(3) exempts dealers' transactions where no distribution by an issuer or underwriter is involved. The term "underwriter" is defined in Section 2(11) of the Act as including any person who has purchased from an issuer with a view to, or sells for an issuer in connection with, the distribution of any security or participates or has a direct or indirect participation in any such undertaking. For purposes of Section 2(11), "issuer" is defined as including a person directly or indirectly controlling the issuer or under common control with the issuer.

of the O'Brien transactions, purchased from an "issuer" with a view to distribution, and therefore became an "underwriter" within the meaning of Section 2(11) of the Securities Act. Its sales of the unregistered Silver Buckle stock therefore violated the provisions of Section 5 of that Act, and Magnuson participated in such violations. 4/ Similarly those sales by Magnuson of such shares to broker-dealers other than Pennaluna which were resold by them to the public were in violation of that Section. Moreover, Pennaluna was an underwriter with respect to the West Coast shares which it purchased from Magnuson and resold. It is no defense that Magnuson had held these shares for several months, since even aside from whether such an interval would be significant were Magnuson not a controlling person, he was an "issuer" for purposes of determining Pennaluna's status as an underwriter within the meaning of Section 2(11) as a result of his controlling position.

Harrison, who, as the firm's trader, effected the sales to broker-dealers and to retail customers for Pennaluna, was aware of facts which put him on notice that distributions of control stock might be involved. He knew that Magnuson had twice purchased large blocks of Silver Buckle stock for Pennaluna and that in January 1963 our staff had raised questions regarding the legality of sales of the stock emanating from New Park and East Utah. 5/ At least by April 1963, he was aware of the fact that Magnuson was taking an active part in West Coast's affairs, and by the time Pennaluna purchased the West Coast shares from Magnuson, Harrison knew that Magnuson was a director of West Coast.

Accordingly, we find that Pennaluna, Magnuson and Harrison willfully violated Sections 5(a) and 5(c) of the Securities Act.

Violations of Anti-Fraud Provisions

Manipulation of Market; Misrepresentations in Sale of Securities

The order for proceedings alleges, among other things, that beginning about September 29, 1962, Harrison and Magnuson caused Pennaluna to engage in manipulative activities with respect to Silver Buckle stock designed to raise the price of such stock artificially and to induce

4/ We do not agree with respondents' argument that where unregistered shares emanate from a person allegedly in control of the issuing company rather than from the company itself, the claimant of an exemption from Section 5 of the Securities Act does not have the burden of proof. That Section imposes a broad prohibition against sales of unregistered securities and the principle is well recognized that one claiming exemption has the burden of establishing it. See S.E.C. v. Ralston Purina Company, 347 U.S. 119 (1953); S.E.C. v. Culpepper, 270 F. 2d 241, 246 (C.A. 2, 1959); Securities Act Release No. 4445 (February 2, 1962).

5/ Although respondents claim they relied on the advice of counsel that there were no restrictions on trading by Magnuson and Pennaluna of the shares acquired from New Park and East Utah, counsel's advice failed to give consideration to the influence resulting from Magnuson's participation with Scott in the Oil, Inc. and New Park - East Utah transactions.

other broker-dealers to bid for such stock. In addition, it charges that in the offer and sale of Silver Buckle and West Coast stock Harrison and Magnuson made and caused Pennaluna to make false and misleading statements and omissions of material facts.

During the period under consideration, the dealers in Spokane, including Pennaluna, listed their inter-dealer bid and asked prices with respect to local mining issues, including Silver Buckle, in quotation sheets (the "Spokane sheets") that were used to make a composite quotation sheet distributed to the news media. During September 1962, the bid quotations in the Spokane sheets for Silver Buckle stock were in the range of 15¢ to 17½¢. Pennaluna, which submitted quotations on 16 days, was high bidder on only two days, and was high together with other firms on only four other days. During the course of the month, it purchased only 1,000 shares of Silver Buckle stock on the open market, and sold a total of only 15,000 shares. Its last quotations for the month were 16¢ bid, 20¢ offered on September 27, and as of the end of the month it had a long position of about 13,000 shares. However, following Pennaluna's agreement on September 29, 1962 to purchase 200,000 shares at 20¢ per share, the firm's trading volume in Silver Buckle stock took a dramatic upsurge and the quotations showed a steady increase in which Pennaluna was the consistent leader.

On October 1, Pennaluna, notwithstanding its acquisition of the large block two days earlier at 20¢ per share, raised its quotations to 22¢ bid - 25¢ asked, its bid being 3¢ higher than the next highest. On that day, it bought 11,500 shares from other dealers at prices of from 18½ to 23¢ and sold 17,300 shares to retail customers at 20 to 25¢. From that point on, the bid quotations rose almost steadily to a high of \$1.40 on January 8, 1963. During this period, Pennaluna submitted quotations on all but two trading days. Out of 56 days on which Pennaluna and at least one other firm submitted bids, Pennaluna was the high bidder on 34, and on 13 days its bid was equal to the high. On 7 additional days, Pennaluna was the only bidder. Although there was a substantial number of dealers in various parts of the country who made a market in Silver Buckle stock, the record shows that at least for the period from October 1 through December 4, 1962, Pennaluna did by far the greatest volume of trading in such stock.

Respondents contend that the increased activity in and price of Silver Buckle stock were due to investor demand following publicity regarding West Coast's archery installations, one of which was opened on September 28 or 29, 1962 and three others later that year. However, while the publicity undoubtedly served to stimulate demand for Silver Buckle stock, in our opinion Pennaluna's activities contributed substantially to the increase in trading and rise in price. Pennaluna's bidding and trading in the stock and its obvious motive for raising the price level, coupled with misrepresentations by Harrison to other dealers relating to the Silver Buckle stock and bullish predictions as to its future market price discussed below, make it clear that Pennaluna and Harrison engaged in a manipulative scheme in the sale of that stock. 6/

6/ Cf. Bruns, Nordeman & Company, 40 S.E.C. 652, 660, n. 11 (1961), where we pointed out that "a person contemplating or making a distribution has an obvious incentive to artificially influence the market price of the securities in order to facilitate the distribution or to increase its profitability. We have accordingly held that where a person who has a substantial interest in the success of a distribution takes active steps to increase the price of the security, a prima facie case of manipulative purpose exists. The Federal Corporation, 25 S.E.C. 227, 230 (1947). See also Halsey Stuart & Co., Inc., 30 S.E.C. 106, 124 (1950)."

The misrepresentations and predictions were made in a series of teletype conversations beginning on October 2, 1962. 7/ In teletypes to J. May & Co. ("May"), a New York broker-dealer with which Pennaluna had a substantial number of transactions and which also made a market in Silver Buckle stock during the period under consideration, Harrison advised that an agreement had been reached for the disposition of Steen's holdings of Silver Buckle stock so that none of the New Park - East Utah blocks would thereafter be available and that "Silver Buckle will be the big one out here and all over the country soon. It's 23-25 and will be 65 one of these days, so don't get caught on it." 8/ When May inquired if it should "go long," Harrison responded, "I'll guarantee it. Don't want market up right now. Certain deals being signed between company and Steen, etc., but it will take off. It's terrific deal . . . orders coming in for that archery stuff from all over world," 9/ and later that month he told May the stock was "headed for \$1." Harrison wired a Seattle dealer that the price of Silver Buckle stock would rise and there would be "some very good inside buying on it." To another dealer he wired in November, "The big deal here is Silver Buckle. It is going to sell much higher. Archery business deal taking over like wild fire." In December, Harrison advised May in response to the latter's inquiry that the Silver Buckle shares transferred in the New Park - East Utah transaction other than those reacquired by Silver Buckle had been bought by Scott and others, and were not for sale and were "off the market." In a February 1963 teletype, Harrison replied in the affirmative to a question by May as to whether West Coast showed a monthly profit, adding that the situation was "getting better every day - every time they open up one [of] those deals it's like making a new rich strike in a mine."

Respondents assert that Harrison's predictions of price increases were based on his "feel of the market" and point to the stipulated fact that his prediction to May of a 65¢ price was based on his experience as a trader, what he knew about Silver Buckle and what he had heard about West Coast. 10/ They contend that price predictions to other

7/ The fact that, as noted by respondents, most of Pennaluna's teletype conversations were originated by other dealers does not affect our conclusions. If anything, it highlights the fact that Pennaluna was viewed by other dealers as a leading, or the leading, market-maker in Silver Buckle stock.

8/ The punctuation in this and other quoted teletype messages is our own. The messages themselves contain no punctuation.

9/ It is stipulated that the rise in the price of Silver Buckle stock between September 28 and October 1 caused embarrassment to the officials of New Park and East Utah and that Magnuson thought they might refuse to complete the sale of Silver Buckle stock. Harrison's statement appears to reflect both control of the market and artificial influences brought to bear upon it. Another statement indicative of manipulative conduct was made by Harrison on October 19, after the quotations had temporarily gone down, when, in response to May & Co.'s inquiry, "what is making Silver Buckle easier?", he replied "Salt Lake wants a low quote on it to justify their sale to Silver Buckle Company - so accommodating them - won't last long, couple days is all . . ."

10/ Harrison testified that he based his prediction on "more or less rumors" which he heard from other brokers.

broker-dealers and to sophisticated investors are recognized as being merely expressions of opinion and are not improper. Respondents also assert that Pennaluna and May were arbitrage dealers interested primarily in the quotations of other dealers, 11/ and that Harrison's teletype conversations with May's trader were merely "chatter" between traders on which the latter did not rely. We cannot accept these defenses.

We recognize that it is common for traders to exchange views regarding the present and probable future state of the market in a security and that, as noted in the Report of the Special Study of Securities Markets, 12/ many firms make markets on the basis of activity in a security rather than on information concerning the issuer's financial condition. It is equally clear, however, that representations and price predictions made by one dealer to another, including those made by one trader to another, may if false or misleading violate the anti-fraud provisions of the federal securities laws just as those made to a customer, 13/ whether couched in terms of opinion or fact, 14/ and whether or not reliance is placed upon them. 15/ Harrison falsely represented to May that the shares from the New Park - East Utah transaction were not for sale and that West Coast was operating at a profit and its situation was improving. As to the latter, West Coast had in fact sustained a net loss of \$203,063 for the nine months ended September 30, 1962, and had a cumulative deficit of \$276,835 as of that date which had increased to \$413,567 by the end of the year. In January 1963 West Coast sold for \$770,000 its equipment leases for the four archery ranges opened in late 1962, which created a contingent liability by West Coast and Silver Buckle of about \$851,000 for any rent defaults. At the time of that sale, one of the lessees was already in default on its rental payments. For the year ended February 28, 1963, during which it had sold the leases with respect to all five ranges then in existence, West Coast sustained a net loss of \$59,376 and as of that date had a deficit of \$167,477.

Moreover, it is clear that the other dealers placed reliance upon Harrison's statements. The teletypes show that he purported to have and was looked to as a source of specific information regarding the condition and prospects of Silver Buckle. Under the circumstances the conversations cannot be characterized as mere "chatter." Although May's trader stated that he never relied on information or opinions conveyed by Harrison other than quotations, he subsequently testified

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- 11/ Arbitrage dealers seek to take advantage of price differentials including differentials which may arise where the same security is traded in different markets. See Report of Special Study of Securities Markets (H. Doc. No. 95, 88th Cong., 1st Sess.) Pt. 2, p. 250 (1963).
- 12/ H. Doc. No. 95, Pt. 2, 88th Cong., 1st Sess., p. 563 (1963).
- 13/ See Van Alstyne, Noel & Company, 33 S.E.C. 311 (1952); Gearhart & Otis, Inc., Securities Exchange Act Release No. 7329, p. 23 (June 2, 1964), aff'd 348 F. 2d 798 (C.A.D.C., 1965).
- 14/ Cf. Mac Robbins & Co., Inc., 41 S.E.C. 116, 119 (1962), aff'd sub nom. Berko v. S.E.C., 310 F.2d 137 (C.A. 2, 1963).
- 15/ Cf. N. Sims Orqan & Co., Inc., 40 S.E.C. 573, 575 (1961), aff'd 293 F. 2d 78 (C.A. 2, 1961), cert. denied 368 U.S. 968.

that he did rely on Harrison's statement that the New Park - East Utah holdings of Silver Buckle were "off the market" and "not for sale," and that if this large amount of Silver Buckle stock were "floating around," he would want to "get away" from that security. This only confirms what is apparent from the conversation itself.

With respect to Magnuson, although he did not himself engage in the above trading activities or teletype conversations, he must also be found to have participated in the manipulative and fraudulent conduct described. He knew or should have been aware of Pennaluna's increased trading volume in Silver Buckle stock, the firm's increasing bids, the steadily rising price levels, and the incentive for raising the market price which existed by virtue of Pennaluna's ownership of 200,000 shares, an unusually large amount for Pennaluna to acquire at one time. Under these circumstances and by virtue of his position as a partner in Pennaluna and his substantial participation in the profits from the firm's trading in the stock of Silver Buckle as to which he was the partner most directly interested, Magnuson had a duty to keep himself apprised and provide appropriate restraints as to the manner in which such trading was being conducted. 16/ As an active major partner he had a duty to know of the nature and scope of the firm's activities, and being chargeable with knowledge, he must be held to have at least a shared responsibility for the violations which occurred.

Moreover, Magnuson himself sold large amounts of West Coast stock to Pennaluna and others during the period beginning in August 1963 and extending through December 1963 without disclosing the adverse financial condition of West Coast. 17/ According to Magnuson, he realized in early May 1963 that matters were not going well at West Coast and that its management was incompetent. Toward the end of that month the management of West Coast was reorganized and Magnuson elected a director. In June he received financial statements as of May 31, which showed a cumulative deficit of \$334,657 and a loss of \$37,521 for the preceding month and was again told that West Coast faced a pressing financial condition. 18/ In the following two months West Coast was informed that two of the archery ranges had lost about \$88,000 during the first half of the year and that another was seriously in debt and might have to discontinue operations. The fourth range had already been taken over by West Coast at the end of May and the lease purchaser

16/ Cf. Alfred Miller, Securities Exchange Act Release No. 8012 (December 28, 1966), p. 6; Thompson & Sloan, Inc., 40 S.E.C. 451, 457 (1961); John T. Pollard & Co., Inc., 38 S.E.C. 594, 598 (1958).

17/ From August through December 1963, Magnuson sold 29,351 shares of West Coast stock for his own account and as custodian for his children, mostly to broker-dealers other than Pennaluna.

18/ West Coast's president told Magnuson that the company's cash requirements through October for production of archery equipment and payment of "old accounts payable" were estimated to exceed \$300,000 and that no further installations were anticipated during that time. West Coast's balance sheet as of June 30, 1963 showed total cash of only \$33,836.

had threatened to terminate the leases which would subject West Coast to claims on its recourse obligation. Further loans from Magnuson and Golconda and the sale in October of the lease of equipment for an additional range only delayed the eventual collapse of the archery enterprise.

It is contended that the seriousness of West Coast's problems was not appreciated until September 1963 and that a cash flow projection prepared about February 1963 envisaged an improvement in cash flow after May 1963. Respondents point out that the change in West Coast's management in May 1963 was expected to remedy former financial and operational problems. However, there was little tangible basis for optimism during the first half of 1963 in view of West Coast's losses during that period and its financial stringency. Moreover, by the middle of August, when Magnuson began to sell his holdings of West Coast stock, there could be no question as to the desperate circumstances of West Coast. The projected cash flow, which was based on leases and sales of additional equipment, had not materialized, the deficit had continued to grow, and the hoped-for financing had not been obtained.

As a director and controlling person of West Coast Magnuson was an insider and as such, under principles now well established under the anti-fraud provisions, was under a duty in his securities transactions to disclose material information known to him by virtue of his position. 19/ At least by August 1963 a situation existed which clearly gave rise to a duty of disclosure by Magnuson when he effected sales of his West Coast stock. 20/

Magnuson knew that although West Coast was a new and untried business, an image of a highly promising enterprise had been created, and he himself contributed to furthering that image. West Coast's annual report as of February 1963 contained statements by the company's president that a healthy growth had been experienced, substantial orders were on hand and additional archery installations were to be made, and those statements were published in various newspaper articles in the spring of 1963. A consistently favorable picture was also presented, as late as the middle of September, in "Mining Hi Lites," a weekly information sheet published under the sponsorship of a group of Spokane dealers, including Pennaluna, which was distributed to dealers and republished in newspapers in Idaho and Colorado. Pennaluna mailed about 50 to 80 copies to securities firms in various parts of the United States and a number of individuals including Magnuson. In early July 1963, Magnuson was in contact with the publisher of a financial news letter and sent him a copy of West Coast's February 1963 annual report. The August 15 edition of the newsletter was devoted to West Coast, was headed "Pioneer and Leader in Rapidly Growing Field of Automated Indoor Archery, with Promising Silver Mining Prospects," and painted a glowing picture of operations and future prospects. This

19/ See List v. Fashion Park, Inc., 340 F. 2d 457, 461-62 (C.A. 2), cert. denied 382 U.S. 811 (1965); S.E.C. v. Texas Gulf Sulphur Co., 258 F. Supp. 262 (S.D. N.Y., 1966), app. pending; Speed v. Transamerica Corp., 99 F. Supp. 808, 828-829 (D. Del., 1951); Karoon v. National Gypsum Co., 73 F. Supp. 798, 800 (E.D. Pa., 1947); Cady, Roberts & Co., 40 S.E.C. 907 (1961).

20/ As we pointed out in Cady, Roberts & Co., supra, if disclosure prior to effecting a sale would be unrealistic under the circumstances, the alternative is to forego the transaction.

report was cited in the Mining Hi Lites for the week ending August 23. On July 19, 1963, at Magnuson's request West Coast sent sales literature and other information to a representative of a securities firm which thereafter proposed to inventory and make a market in West Coast stock and Magnuson on September 4 told the representative that West Coast was "one of those rare situations that could be very profitable" and "could be an extremely fine vehicle, not only for the archery business, but for other types of recreational endeavor."

Under these circumstances, when the company's actual condition had to Magnuson's knowledge become radically different from the favorable image that he knew of and had himself fostered, it was improper for him to sell his shares without disclosure of the grave financial problems facing West Coast.

On the basis of the foregoing, we find that Pennaluna, together with or aided and abetted by Harrison and Magnuson, willfully violated the anti-fraud provisions of Section 17(a) of the Securities Act and Sections 10(b) and 15(c)(1) of the Exchange Act and Rules 17 CFR 240.10b-5 and 15c1-2 thereunder.

Bids for and Purchases of Stock During Distribution

Rule 10b-6 (17 CFR 240.10b-6) under the Exchange Act in pertinent part prohibits an underwriter or other participant in a distribution, or any person on whose behalf such distribution is being made, from directly or indirectly bidding for or purchasing the securities being distributed or any other securities of the same class and series, until he has completed his participation in the distribution. Distributions within the meaning of the Rule were effected when Pennaluna sold, to retail customers and other dealers, the 90,555 shares of Silver Buckle obtained in the Oil, Inc. transaction and the first 100,000 shares obtained in the New Park - East Utah transaction, when it resold the shares of Silver Buckle acquired through O'Brien from Magnuson and the shares of West Coast acquired from Magnuson, and when Magnuson sold about 238,500 shares of Silver Buckle to several broker-dealers other than Pennaluna between May 1962 and June 1963. During the periods of these distributions, Pennaluna bid for and purchased Silver Buckle and West Coast stock. 21/ It does not matter that, as respondents assert, Pennaluna did not engage in any special retail selling effort. 22/ Accordingly, we find that Pennaluna, Magnuson and Harrison willfully violated Section 10(b) of the Exchange Act and Rule 10b-6 thereunder.

21/ Pennaluna was an underwriter as to the 90,555 share and 100,000 share blocks as well as with respect to the shares purchased from Magnuson. As to the shares sold by Magnuson to other broker-dealers, Pennaluna's bids and purchases must be viewed as the indirect activities of Magnuson, a person on whose behalf the distribution was being made.

22/ Cf. J. H. Goddard & Co., Inc., Securities Exchange Act Release No. 7618, p. 4 (June 4, 1965) and cases cited in n. 8.

Other Violations

Pennaluna, aided and abetted by Magnuson and Harrison, willfully violated Sections 7, 10(a), 15(c)(1), and 17(a) of the Exchange Act, Rules 17 CFR 240.10a-1, 15c1-5, 17a-3 and 17a-4 thereunder, and Section 4(c)(2) (12 CFR 220.4(c)(2)) of Regulation T promulgated by the Board of Governors of the Federal Reserve System, as follows:

1. Between January 1962 and November 1963, Pennaluna failed promptly to cancel or otherwise liquidate 54 purchases of securities in special cash accounts of customers, as to which full payment was not made within 7 business days as required by Section 4(c)(2) of Regulation T.
2. During the period between November 1960 and May 1963, Pennaluna, a member of the Spokane Stock Exchange, used the facilities of the Exchange to execute sell orders which were not marked either "long" or "short," as required by Rule 10a-1.
3. During the period when Magnuson, a controlling person of Pennaluna, also was a controlling person of Silver Buckle and West Coast, Pennaluna failed to comply with Rule 15c1-5 which requires a broker-dealer under common control with an issuer of securities to disclose to a customer, before entering into a contract for the purchase or sale of such securities, the existence of such control and, if such disclosure is not made in writing, to supplement it with written disclosure at or before the completion of the transaction.

Respondents do not claim that the required disclosures were made, although they point to the fact that it was Pennaluna's general practice to indicate on confirmations that Magnuson was an officer or director of the issuer of the securities involved where that was the case. They assert that the failure to include such a legend on the confirmations covering transactions in West Coast stock was due to oversight, and further assert that they did not understand or consider that Magnuson was a controlling person of Silver Buckle. In our opinion, however, these factors cannot excuse the failure to comply with the requirements of the Rule. 23/

4. From about January 1960 to November 1963, Pennaluna failed to make and keep current, as required under Rule 17a-3, memoranda of brokerage orders and principal transactions, showing the time of execution or cancellation, a record of original entry showing securities received and delivered, a position record, and questionnaires or applications for employment by employees. Moreover, Pennaluna failed to preserve originals of all communications received and copies of all communications sent, as required by Rule 17a-4.

While admitting that Pennaluna's records did not fully comply with "the Division's interpretation" of the applicable rules, respondents assert that such records did provide management with the information necessary for the operation of the business, and that registrant has installed records "of the type preferred by the Division." We have repeatedly stressed the importance in the regulatory scheme of the

23/ In any event, a statement on a confirmation that Magnuson was a director of West Coast would not have met the requirement of the Rule that it is the control relationship which must be disclosed, and that such disclosure first be made before entering into a contract with a customer.

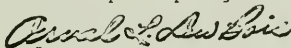
requirement that books and records be kept current and in proper form, 24/ and have pointed out that, "It is obvious that full compliance with those requirements must be enforced, and registrants cannot be permitted to decide for themselves that in their own particular circumstances compliance with some or all is not necessary." 25/ We also note that as early as January 1961 our staff had advised Pennaluna that its books and records were not in compliance with most of the very requirements of Rule 17a-3 which we now find were not met, and that Magnuson had given assurance at that time that there would be full compliance in the future.

Public Interest

Respondents argue that the public interest would not be served by the imposition of stringent sanctions against them. They point out that Magnuson has severed his relationship with registrant and state that largely through his efforts, including large loans to and guarantees for West Coast, that company was able to settle the claims of its creditors and to save the mining properties for its stockholders. Harrison states that he has been a reputable securities dealer since 1929. Respondents further assert that effective steps have been taken to remedy "procedural defects," and that registrant serves a vital role as a market-maker for mining securities. In our opinion, however, the factors referred to by respondents cannot overcome the serious nature of the violations we have found. In view of these violations, we conclude that it is in the public interest to bar Harrison and Magnuson from association with any broker-dealer, to expel Harrison from membership in the Spokane Stock Exchange, and, on the basis of the willful violations by Harrison and Magnuson, to revoke registrant's broker-dealer registration.

An appropriate order will issue.

By the Commission (Chairman COHEN and Commissioners WOODSIDE, OWENS, and WHEAT), Commissioner BUDGE not participating.



Orval L. DuBois
Secretary

24/ See, e.g., Olds & Company, 37 S.E.C. 23 (1956); Midland Securities, Inc., 40 S.E.C. 333, 339-40 (1960).

25/ Olds & Company, supra, at 26-27.

UNITED STATES OF AMERICA
 before the
 SECURITIES AND EXCHANGE COMMISSION
 April 27, 1967

In the Matter of	:	
	:	
PENNALUNA & COMPANY, INC.	:	ORDER REVOKING
Radio Central Building	:	BROKER-DEALER
Spokane, Washington	:	REGISTRATION,
	:	BARRING ASSOCI-
and	:	ATION WITH
	:	BROKER-DEALER,
BENJAMIN A. HARRISON	:	AND EXPELLING
HARRY F. MAGNUSON	:	FROM NATIONAL
	:	SECURITIES
File No. 8-11752	:	EXCHANGE
	:	
Securities Exchange Act of 1934 -	:	
Sections 15(b) and 19(a) (3)	:	

Private proceedings having been instituted pursuant to Sections 15(b) and 19(a) (3) of the Securities Exchange Act of 1934 to determine whether to take remedial action with respect to Pennaluna & Company, Inc., a registered broker and dealer, Benjamin A. Harrison, and Harry F. Magnuson;

A stipulation of facts having been entered into, hearings having been waived, briefs having been filed, and the Commission having heard oral argument;

The Commission having this day issued its Findings and Opinion; on the basis of said Findings and Opinion

IT IS ORDERED that the registration of Pennaluna & Company, Inc. as a broker and dealer be, and it hereby is, revoked; that Benjamin A. Harrison and Harry F. Magnuson be, and they hereby are, barred from being associated with any broker or dealer; and that Benjamin A. Harrison be, and he hereby is, expelled from membership in the Spokane Stock Exchange.

By the Commission.

Orval L. DuBois

Orval L. DuBois
 Secretary

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION
July 6, 1967

4661

In the Matter of	:	
	:	
PENNALUNA & COMPANY, INC.	:	ORDER DENYING
Radio Central Building	:	PETITION FOR
Spokane, Washington	:	RECONSIDERATION
	:	
and	:	
	:	
BENJAMIN A. HARRISON	:	
HARRY F. MAGNUSON	:	
	:	
File No. 8-11752	:	
	:	
Securities Exchange Act of 1934 -	:	
Sections 15(b) and 19(a)(3)	:	

On April 27, 1967, the Commission issued its Findings, Opinion and Order (Securities Exchange Act Release No. 8063) revoking the broker-dealer registration of Pennaluna & Company, Inc. ("registrant"), barring Benjamin A. Harrison, registrant's sole stockholder, and Harry F. Magnuson, formerly a principal stockholder and officer of registrant, from being associated with a broker or dealer, and expelling Harrison from membership in the Spokane Stock Exchange ("Exchange"). On May 1, 1967, the Commission stayed the effectiveness of its order pending determination of a petition for review to be filed by respondents. Registrant, Harrison and Magnuson subsequently filed a petition requesting reconsideration of the Commission's decision and an opportunity to present additional evidence on the question of appropriate sanctions, and, having been granted permission to present such evidence in documentary form, submitted a statement with attached exhibits.

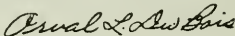
Petitioners urge that the Commission erred in that it found that Magnuson was a member of the control group of Silver Buckle Mining Company ("Silver Buckle") and West Coast Engineering, Inc., that Oil Incorporated was a member of Silver Buckle's control group during May 1962, that Pennaluna & Company ("Pennaluna"), registrant's predecessor, was an underwriter with respect to and effected distributions of certain blocks of Silver Buckle stock, and that in connection with such distributions petitioners violated the anti-fraud provisions of the Securities Exchange Act of 1934. They further argue that in finding violations by Pennaluna and Harrison based on statements made by Harrison to other securities dealers, the Commission applied standards created subsequent to the time of those statements. Petitioners also contend that the Commission failed to evaluate properly their arguments regarding the appropriate sanctions. The additional material submitted by petitioners includes statements by them, as well as certain statistical information and newspaper and magazine articles, to the effect that the existence of an orderly market for the securities of silver mining companies operating in the Coeur d'Alene area serves the national interest in silver production as well as a widespread and increasing investor interest, that such a market is now provided by the Exchange and the Spokane over-the-counter market, and that the continuation of Harrison

and registrant, which deals primarily in such securities, in the mining securities market is important to the continued maintenance of an orderly market. In addition, petitioners submitted statements signed by members of the Exchange, by persons associated with Spokane offices of securities firms, and by the former manager of the Seattle office of a securities firm expressing their high regard for Harrison's character and ability, and their belief in his importance to the local mining securities markets.

The Commission noted that for the most part the petition merely attacked in general terms certain findings and conclusions of the Commission and it was of the view that no new facts or arguments warranting a modification of its decision had been presented. The Commission pointed out that, contrary to petitioners' argument, it had not found that Oil, Incorporated was a member of the control group of Silver Buckle. It further noted that the principle that misrepresentations made by one dealer to another may violate the anti-fraud provisions of the securities acts had been established many years prior to the statements here involved. See Van Alstyne, Noel & Company, 33 S.E.C. 311 (1952), cited at p. 9, n. 13 of the principal opinion in the instant case. With respect to the public interest issues, the Commission had in fact carefully considered the contentions previously advanced by petitioners. In view of the serious violations which it had found, it was of the opinion that the additional material submitted by petitioners did not warrant a modification of the sanctions imposed.

Accordingly, IT IS ORDERED that the petition for reconsideration be, and it hereby is, denied.

By the Commission (Chairman COHEN and Commissioners OWENS and WHEAT), Commissioners BUDGE and SMITH not participating.



Orval L. DuBois
Secretary

The following letters dated October 7, 1963, October 15, 1963 and February 28, 1964 relate to the negotiations between West Coast Engineering, Inc. and the Brunswick Corporation. The Brunswick study was referred to at page 399 of the Record and it is stipulated that this investigation was being conducted during the months of October, November and early December, 1963. The following letters are not contained in the Record and are herewith presented to this Court because of the failure of the respondent's findings to refer to this study and to properly evaluate its effect upon Magnuson's expectation that West Coast would solve its financial difficulties during the Fall of 1963.

Pursuant to Section 25 of the Securities Exchange Act of 1934, petitioners shall apply to this Court for permission to include this additional evidence, if the Court feels that such a motion is required. The additional evidence bears directly on the financial condition of West Coast Engineering, Inc. from August, 1963, forward, and respondent's finding (R. 4618) (Appendix pages 118-119) of violations of the anti-fraud provisions of the Acts.

CONFIDENTIAL

October 7, 1963

MEMO TO: Glen Sherman

FROM: H. F. Magnuson

Re: Brunswick - West Coast Engineering

C
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P
Y

As I have discussed with most of you individually, on Thursday October 3, I went to Chicago for a meeting with the Brunswick Corporation officials regarding WCE. The week previous I had discussed with Mr. W. L. Graham my interest in automated archery and he suggested I meet with Brunswick.

Graham is a college friend of Mr. Bensinger, President of Brunswick and as a result arranged a first-class meeting between myself and Brunswick officials. On Friday morning Mr. S. P. Jacobson, Senior Vice President had a conference all lined up on this matter. We had the Board of Directors room and those present were Mr. S. P. Jacobson, Senior Vice President, Axel A. Hofgren, Patent Attorney, Milton Rudo, Vice President and President of the Bowling Division, Marvin M. Komen, Director of Long Range Planning, and Anderson Fox. In addition, their vice president in charge of finance, and market research vice president and their head of the legal department were also present.

We had a full, complete and frank discussion of automated archery and West Coast from 9 a. m. until 1 p. m. At that time they served lunch in the same room and we discussed the matter further until 2:30.

At the outset I told them of my association with WCE and I was not technically qualified to speak on the various details of our products. However, there was no question they had arranged an outstanding reception for me and there was no question as to their tremendous interest in archery. They have been following archery very closely and were frank to say they had a great deal of interest in archery and this would give them an opportunity to study the matter further and make a decision in this regard.

As a matter of interest, Brunswick has \$550,000,000 of paper with respect to their bowling leases, much of which is in trouble. They have found that the large bowling areas, run something like our Downey and Denver installations, are in trouble. They now prefer the "Ma and Pa" small 8, 12 and 16 lane bowling installations.

-2-

They had a man come up and show the WCE film on archery. They agreed this was an outstanding public relations job. I also showed them the film on the trap-o-matic.

During our discussion which was on a very friendly and frank basis, it was pointed out that many of the problems WCE encountered and will encounter are very similar to those encountered by the bowling industry some 20 years ago. The two parallel each other quite closely. We discussed patents and I gave them a copy of our patent letter from Mr. Mattera. I am enclosing a copy for you in case you haven't one.

They indicated that WCE may have made some mistakes but certainly had done a first-class job in bringing archery to the public and gaining good public relations on a tremendous coverage basis. They asked me if I had discussed the matter with AMF and I told them I had not and that about a year ago we had made an approach to AMF. They asked I not contact AMF at this time and that I give Brunswick an opportunity to make a thorough investigation and study of the situation.

They said that they were so serious about it that they would like to have 30 days to make a complete study of the market, production costs and financial aspect with respect to the project. They said in the event they determined a lack of interest sooner they would contact me and in any event they would like to make a complete study of it. I told them they would be most welcome and everything would be made available to them. I told them I hope they would not just study WCE and go into the archery business on their own. They said they wouldn't and they said if they went into the archery business they would best do it through WCE.

They discussed briefly the arrangement by which they might acquire our archery business. They suggested a royalty or certain amount per lane sold with a maximum payoff. It was decided that nothing could be intelligently discussed on this phase of the situation until after their investigation.

However, I think it was generally understood that WCE was very desirable

-3-

It would be my thought that we should keep our WCE expenses to a minimum. I am hopeful of financing the Jarna lease and that with these proceeds of paying the pressing accounts payable and enabling us to continue in business on a very minimum basis for the next 60 to 90 days. I am confident that in view of the interest of Brunswick that we will be able to interest a large purchaser in our archery and trap division. In view of the very gratifying reception I received in Chicago. I felt it would be inappropriate for me to meet with Pierson or continue to New York and meet with AMF.

John Quayle, Investment Advisor, in New York is a very fine personal friend of mine and happens to be acquainted with Mr. Mansfield Sprague, Vice President of AMF. If in the event at the end of 30 days Brunswick is not interested in WCE, I will have Quayle set up a meeting with AMF and I will go to New York and discuss it with them. If there is no interest there I will probably discuss the matter with Pierson.

After discussing this matter with Brunswick and based upon our own experiences, it is obvious that the archery business is an industry potentially as large as the bowling business. In view of the tremendous finances needed it is obvious that this development should be tied into a company that is tremendously large and well financed. Until this is done, we are going to have difficulty selling the lease paper and it will be unprofitable. In fact, I think Brunswick makes much of its profit from selling the lease paper.

This will give you a complete report on this trip and the enclosed letter to Mr. Komen regarding my discussing with Brunswick will be informative to you. As indicated, I would like to keep this confidential in order to enable us to make the full investigation with Brunswick.

If you have any suggestions, please advise.

Harry Magnuson

HFM:ed

cc: Dr F. E. Scott
Jack D. Gay

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CONFIDENTIAL

October 7, 1963

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Re: Brunswick - West Coast Engineering

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They said that they were so serious about it that they would like to have 30 days to make a complete study of the market, production costs and financial aspect with respect to the project. They said in the event they determined a lack of interest sooner they would contact me and in any event they would like to make a complete study of it. I told them they would be most welcome and everything would be made available to them. I told them I hope they would not just study WCE and go into the archery business on their own. They said they wouldn't and they said if they went into the archery business they would best do it through WCE.

They discussed briefly the arrangement by which they might acquire our archery business. They suggested a royalty or certain amount per lane sold with a maximum payoff. It was decided that nothing could be intelligently discussed on this phase of the situation until after their investigation.

However, I think it was generally understood that WCE was very desirous of disposing of its trap and archery in order that it could preserve and retain its mining properties. As I indicated to you, my main desire at this time is to get this phase of our business properly financed and perhaps sold to return Silver Buckle back to its original status and enable it to retain its very valuable mining property for its shareholders. In view of the present silver situation and the anticipated improvements in the metal and silver market, this would be most beneficial to WCE shareholders.

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OCT 17



Brunswick CORPORATION
EXECUTIVE OFFICES

October 15, 1963

Mr. H. F. Magnuson
Scott Building
Wallace, Idaho

Dear Harry:

During the phone conversation yesterday I indicated that I had been set up as the Project Leader to review the possibilities of indoor archery and specifically West Coast Engineering. In order to expedite our evaluation it is essential that your people in Seattle have available to us the following information: (this will save us a considerable amount of time and it will enable us to meet your schedule.)

Manufacturing and Research & Development

1. Complete engineering drawings.
2. Complete parts list.
3. Part prints.
4. Process sheets.
5. Plant layout or flow chart.
6. List of purchase parts and vendors (also list tooling not owned).
7. List of tooling, including vendor tooling (owned by W.C.E.) and value of tools (original and book).
8. List and cost of expense materials.
9. List and cost of raw materials.
10. List and cost of work in process.
11. List and cost of finished goods.
12. Real estate obligations.
13. Copy of labor contract if union shop.
14. What obligations if terminated.
15. Personnel on payroll by category (temporary and permanent).
16. Product cost sheets (labor, materials and burden).
17. What are average labor rates by classification.
18. Scrap and rework experience.
19. Organization charts - functions and personnel.
20. We will want to take pictures of process and equipment.

-2-

Legal

Copies of all patents and patent pending applications.

Financial

Latest balance sheet (preferably September 30), profit and loss statements from date of incorporation.

Details on guarantors on notes, loans and recourse marketing.

Copies of market research reports prepared by V. E. Jordan.

Complete information regarding resale of merchandise...bows, arrows, targets, etc., concerning pricing, cost and markups.

Leasing or sales/lease arrangements with leasing companies.

Copies of all distributor agreements.

Advertising, Publicity and Promotional Materials, Individual Installations, i.e. Burlen and Covina

It is essential that Mr. Sherman obtains clearance for us to send a member of our market research team to visit each of the five installations where we can obtain

1. A balance sheet, profit and loss statements from origin, a breakdown on sources of revenue.
2. Detailed information regarding league development and open play, pro shop business broken down by type of sales, a record of former participants if available. (This is important so we can determine why these participants dropped out after trying the sport.)
3. Interviewing participants regarding motivations and reactions to this activity, etc.

If all of the above can be started immediately it would help us out tremendously.

According to our schedule, I personally with Mr. Fox will visit Mr. Dumke in Salt Lake City on Monday and Tuesday. We plan to be in Seattle on Wednesday, October 23 at 8:30 AM at which time we would like to immediately start gathering our information. If Mr. Sherman

-3-

can have a good portion of information available for our manufacturing and engineering personnel it might be possible for me to have those individuals available in Seattle on Wednesday, October 23. This would give us a head start on the project. I will confirm this with Mr. Sherman by phone.

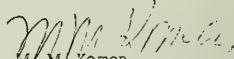
I would like to send a member of our market research group first to the Denver installation on Monday, October 21, and he will spend approximately two or three days there evaluating the archery as well as trapomatic aspects. If Mr. Sherman can obtain the necessary clearance with the local operator it will greatly facilitate our timing as the longest lead times required will be the checkout of the installations and engineering.

If all timing goes properly we plan to have a preliminary report available for our Board on November 15 and thereby be in a position to meet the deadline we set up with you of 45 to 60 days for our firm to arrive at a decision.

Before I leave Seattle I will call you and bring you up to date as to our progress in getting the necessary information.

The information required above is not all-inclusive as we have a great deal of information to gather by discussion with Mr. Sherman, but the above information will facilitate the action which we will be required to take.

Sincerely yours,



M. M. Komen

Director of Long Range Planning

MMK/ad

cc: Mr. G. Sherman
President
West Coast Engineering Co.
818 S. Dakota
Seattle 8, Washington

February 28, 1964

MEMO TO: Glen Sherman

FROM: H. F. Magnuson

Re: West Coast Engineering, Inc.

Glen, as I mentioned to you, last Friday, Marvin Komen, Vice President of Brunswick called me on Thursday concerning WCE. He stated he had noticed in the Wallace Miner, which I sent him, that we had shipped an order to Kannimatsu. Apparently Kannimatsu is a competitor of theirs and one of the large Japanese concerns.

He mentioned Brunswick was taking another look at this and that they had a special program under consideration for Europe. He asked me to keep him informed and they would have their thinking solidified in the next two weeks and he would be back in contact with us.

I would appreciate your sending me any information that you can pertaining to the status of the negotiations with Kannimatsu. Frankly I would just as soon make a deal with Kannimatsu if a good one can be made that will provide some cash. In any event, it is gratifying to see this interest.

H. F. Magnuson

JFM:ed

cc: Dr. F. E. Scott
Jack D. Gay
Richard Cary
Alden Hull

-3-

can have a good portion of information available for our manufacturing and engineering personnel it might be possible for me to have those individuals available in Seattle on Wednesday, October 23. This would give us a head start on the project. I will confirm this with Mr. Sherman by phone.

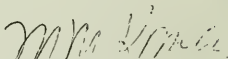
I would like to send a member of our market research group first to the Denver installation on Monday, October 21, and he will spend approximately two or three days there evaluating the archery as well as trapomatic aspects. If Mr. Sherman can obtain the necessary clearance with the local operator it will greatly facilitate our timing as the longest lead times required will be the checkout of the installations and engineering.

If all timing goes properly we plan to have a preliminary report available for our Board on November 15 and thereby be in a position to meet the deadline we set up with you of 45 to 60 days for our firm to arrive at a decision.

Before I leave Seattle I will call you and bring you up to date as to our progress in getting the necessary information.

The information required above is not all-inclusive as we have a great deal of information to gather by discussion with Mr. Sherman, but the above information will facilitate the action which we will be required to take.

Sincerely yours,


M. M. Komen
Director of Long Range Planning

MMK/ad

cc: Mr. G. Sherman
President
West Coast Engineering Co.
818 S. Dakota
Seattle 8, Washington

February 28, 1964

MEMO TO: Glen Sherman

FROM: H. F. Magnuson

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